

# Problems in the growth pipeline? The female startup funding gap

*An overview of progress made since the Rose Review in 2019, featuring an analysis of funding figures and expert views on how to tackle the challenges.*



The Treasury-commissioned *Alison Rose Review of Female Entrepreneurship*, published in spring 2019, found that the UK economy would gain up to £250 billion if women started and scaled businesses at the same rate as men. In 2024, 5 years on, is the UK any closer to this?

The Rose Review identified several major factors hindering female founders. These include access to and awareness of funding, a “perceived bias” within the UK venture finance community, disproportionate family care responsibilities, and women tending to be less confident about their entrepreneurial skills. One of the main recommendations was to increase funding directed at female entrepreneurs.

Startup funding sources include crowdfunding, angel investment and grants, such as Innovate UK’s Women in Innovation programme, and business loans. A key source of these is the government-backed Start Up Loans scheme provided by the British Business Bank (BBB). But Finder analysis of this scheme’s latest data found that in 2023, only 38% of its £123.3 million funding went to female-led businesses, leaving a gulf of around £30 million between the amounts it lent to male vs female entrepreneurs. And this gulf is now £13 million wider than it was in 2019.

The picture for scaleup funding is even more disappointing. According to the BBB’s 2023 Small Business Equity tracker, for every £1 of equity investment in the UK, only 2p currently goes to fully female-founded businesses - a figure that’s remained stubbornly constant for the past decade.

Progress has been made in some areas. In 2023, 42.6% of FTSE 100 board members were women, up from 32.4% in 2019. In April 2024, of the 5 million active companies in the UK, 19.9% were female-led, compared to 16.8% in 2022, according to the Gender Index. But despite multiple initiatives, it’s clear that some key numbers aren’t going in the right direction.

This report analyses the latest figures, and features insights from a panel of experts - with their thoughts on what can be done to improve the landscape for female entrepreneurs in the UK.

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About Finder



## **Lucy Cohen, co-founder and CEO, Mazuma Money**

Lucy is the co-founder and CEO of accounting advice firm Mazuma Money, the UK's first accountancy subscription service. She's also an advisory board member for FinTech Wales.



## **Sharon Cook, co-director, Choice Business Loans**

Sharon is the co-director of Choice Business Loans. The company supports businesses of all sizes to raise the money needed to grow, acquire and thrive by exploring all types of available funding.



## **Julian Dowling, founder, Launch Club Capital**

Julian founded Launch Club Capital, which provides support and expertise to founders at every stage of their startup journey. It runs events where entrepreneurs can exchange ideas or find a co-founder and funding.



## **Natasha Guerra, CEO, Runway East**

Natasha is the CEO of Runway East, which provides co-working spaces for high-growth startups, with over 4,500 members and 200 companies across 8 locations in London and Bristol.



## **Olenka Kacperczyk, professor of strategy and entrepreneurship, London Business School**

Olenka is a professor of strategy and entrepreneurship at London Business School. Her research covers entrepreneurship, innovation, social responsibility, social mobility and labour markets.



## **Kimberley Waldron, co-founder and managing director, SkyParlour**

Kimberley is managing director of fintech PR agency SkyParlour, which she also co-founded. She's also co-chair of the Pro-Manchester Fintech Committee, a startup mentor for Rise, and host of the Future of Banking podcast.

## Lucy Cohen, Mazuma Money

Key challenges include unequal access to funding, with many women receiving less support from traditional financial institutions compared to their male counterparts. I see that as rooted in systemic biases that drive a lack of confidence from investors in female-led ventures. Additionally, women often face hurdles related to lack of business startup experience. Networking opportunities and mentorship are less accessible. Home life challenges also play a significant role; societal expectations and responsibilities related to caregiving can disproportionately affect women.

## Julian Dowling, Launch Club Capital

Bias from investors is prevalent, particularly regarding assumptions about their time commitment as primary caregivers. Additionally, they often contend with limited networks and restricted access to capital. Certain industries or sectors - typically male-dominated ones - exhibit implicit or explicit gender bias...[which] can present significant challenges for women attempting to enter these fields.

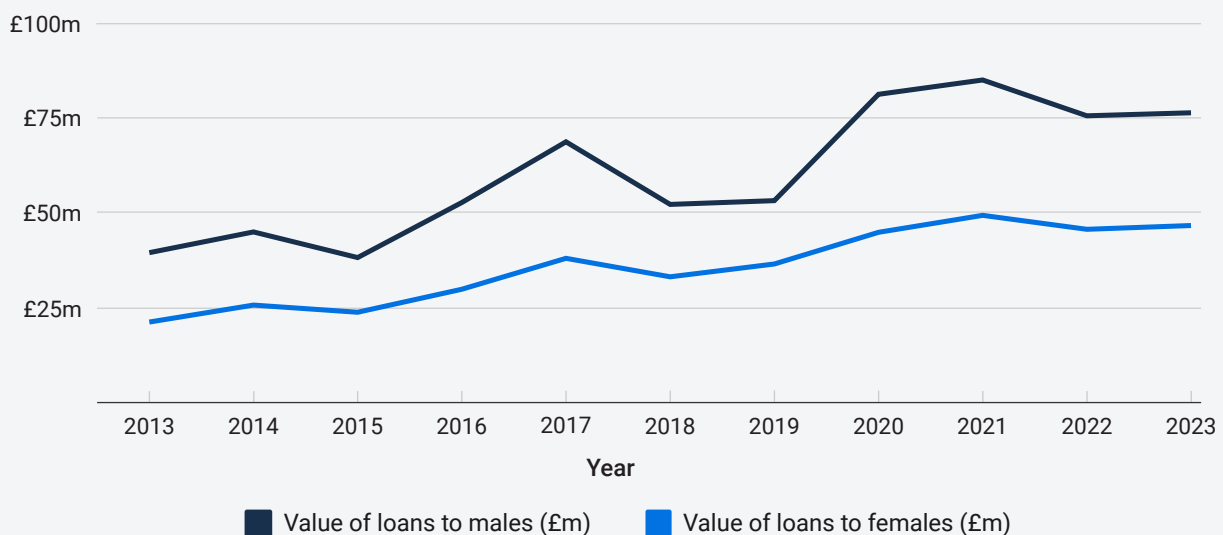
## Sharon Cook, Choice Business Loans

Even now, I think a major barrier is confidence in their ability to set up and start a business. Another barrier can be a lack of support around the family unit. We note that many women start smaller businesses, potentially home-based ones, and therefore scaling can be harder. The Start Up Loans scheme is certainly a good stepping stone to help these fledgling businesses to grow.

## Kimberley Waldron, SkyParlour

Female entrepreneurs continue to receive less funding than their male counterparts. Due to this financial imbalance, women lack the same opportunities as men to establish prosperous businesses that could benefit the global economy. There's substantial evidence which indicates that businesses run by women who do manage to secure funding often perform as well as, or even surpass, those led by men.

### Start Up Loans lent to female-led vs male-led businesses, 2013-2023



Source: British Business Bank. Figures are for value of loans

## Natasha Guerra, Runway East

The most common barriers can be best addressed by an increase in women in senior leadership positions within major corporations, not just in those starting their own businesses. This means that the decision-makers who provide access to startup funding are more balanced, and as a female founder your gender isn't noticed as much when you're pitching. At Runway East, our membership has a 52:48 gender split between men and women, which is much more even than the average office in the UK. I'm proud that we've created spaces which draw in female founders and female-led businesses, and this also helps to develop networks of like-minded female entrepreneurs who support each other as a result.

## Julian Dowling, Launch Club Capital

Our community organises events and workshops for women founders, creating a safe space for idea exchange, support, and access to resources related to targeted funding programmes and financial education initiatives for women. Simultaneously, we are building a network of investors committed to promoting unbiased evaluation criteria and diverse representation in investment decisions. Our goal is to bridge the gap between underrepresented founders and investors in the long run. Taking action is paramount in addressing these barriers. By fostering a supportive ecosystem with networking opportunities and platforms for women to share knowledge, we can empower female entrepreneurs to overcome challenges.

## Lucy Cohen, Mazuma Money

Fostering flexible working...and supporting childcare solutions can help alleviate the pressures of balancing home life and business aspirations. Encouraging a shift in societal attitudes towards gender roles is equally crucial to ensure women receive equal support and opportunities in the entrepreneurial ecosystem. Enhancing access to funding through grant programmes and venture capital funds dedicated to supporting female entrepreneurs is an obvious measure. Providing targeted business education and mentorship programmes can also empower women with the necessary skills and confidence to succeed. But honestly, I'm more and more of the opinion that organisations do this in lieu of getting cash out of the door to women - I'll take the mentoring, but I need the cash more!

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Organisations provide business education and mentoring in lieu of getting cash out of the door to women

*Lucy Cohen, Mazuma Money*

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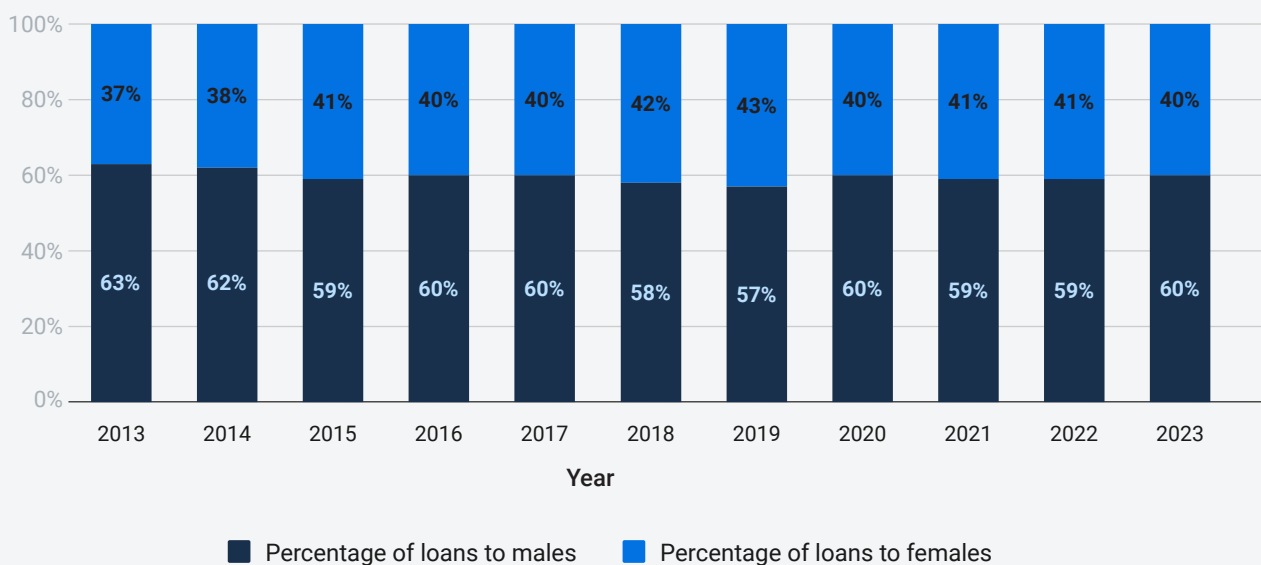
## Sharon Cook, Choice Business Loans

I think it depends on the individual's background and support circles. Local enterprise partnerships could do more to provide support - potentially co-working environments, free business advice and mentoring. The Start Up Loans scheme could have a partial personal guarantee, which would reduce risk when borrowing money to start a business. Finally, perhaps increasing tax breaks or childcare breaks for women who are starting their journey as a business leader.

## Kimberley Waldron, SkyParlour

Complex situations normally require multi-pronged solutions, which is likely going to be the case here. I'm not sure if people are totally aware of the scale of this issue, so there's clearly a need for greater education around this topic. At the same time, it's essential we continue to highlight the incredible achievements of females who have been provided with a sufficient level of financial support, so they don't go unnoticed.

### Proportion of Start Up Loans that went to female-led vs male-led firms, 2013-2023



Source: British Business Bank. Figures are by number of loans



Finder asked the British Business Bank about the lack of change in the proportion of loans lent to female vs male applicants - above - and the funding gulf in terms of amount lent (see p4).

The bank said: "Consistently over time, around 40% of our Start Up Loans have gone to female founders - a significantly higher proportion than across the rest of the market for startup financing. According to the latest available statistics from 2022, 18% of smaller businesses with employees and 20% of smaller businesses without employees are female-led. By delivering 40% of our loans to women, we're helping to address this imbalance. Our aim is to increase this still further to 50% over the coming years."

## Julian Dowling, Launch Club Capital

Women-owned businesses receive a disproportionately small share of venture capital funding - around 2% - compared to male-owned businesses. This can be attributed to biases among investors, who may perceive female-led ventures as riskier or less profitable, as women typically are more conservative with the financial assumptions for their startups compared to men. Another significant factor is that women often have smaller networks compared to men in the predominantly male investment community. This hinders their ability to access funding opportunities, as many investments are made through personal connections.

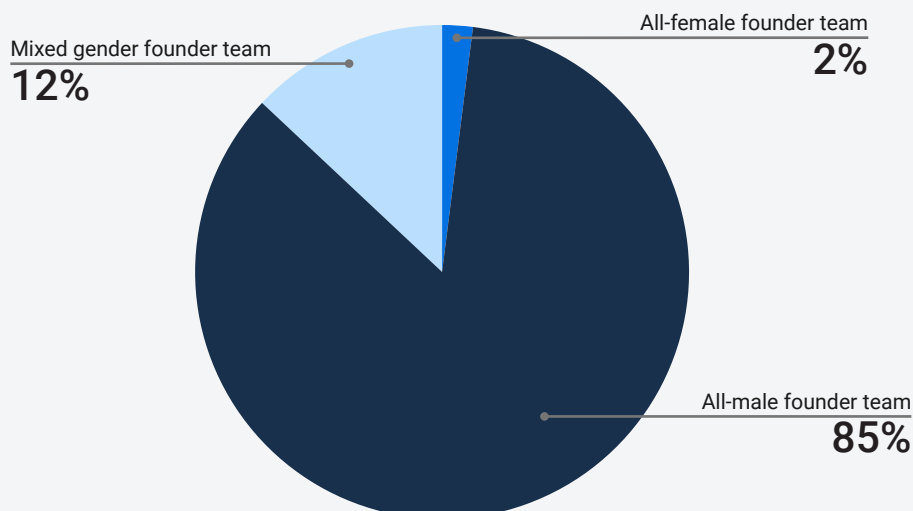
## Olenka Kacperczyk, London Business School

Resource providers frequently rely on gender stereotypes and homophily as a cognitive shortcut or proxy for judging founder competence, credibility and prospects for success. In so doing, investors and lenders systematically discount and overlook the potential of women founders to deliver returns. For example, compared to otherwise identical male counterparts, women entrepreneurs face far greater scrutiny and scepticism of their capabilities, qualifications and leadership potential when pitching or launching an ambitious new venture. These biases persist even in carefully controlled experimental settings, as women founders receive less favourable evaluations and resource commitments than men, when presenting the exact same startup pitch and credentials.

## Kimberley Waldron, SkyParlour

As female entrepreneurs scale their businesses, they often face judgement based on outdated gender stereotypes, despite long-standing efforts to challenge these biases. As men ascend the career ladder, there is typically an expectation for them to become more assertive and dominant - qualities frequently linked to successful leadership. Conversely, female entrepreneurs are expected to maintain stereotypically feminine traits, such as warmth. However, research shows that demonstrating these traditionally feminine behaviours during pitch presentations can adversely affect the outcome. Such behaviours can lead to reduced perceptions of a female entrepreneur's business competence, preparedness and leadership skills.

## Split of UK equity investment received by business founders by gender in 2022



Source: Small Business Equity Tracker 2023



## Natasha Guerra, Runway East

The most progress in creating more funding equality will come from having major female-led successes out there. The more female-led companies that have found success from scaleup funding, the more comparables there are for investors, which will make the decision easier when deciding which companies to back. This funding equality will also come about through a wider education drive, as female founders are often not made aware of the range of funding options out there, particularly the less traditional routes to funding.

## Julian Dowling, Launch Club Capital

The first step is to encourage more women to become angel investors, venture capitalists and decision-makers in investment firms, to increase funding opportunities for female-led businesses. Additionally, funding programmes that are specifically designed to support female entrepreneurs in scaling up their businesses through offering grants, loans or equity investments with favourable terms and conditions should be established.

## Lucy Cohen, Mazuma Money

Creating a more inclusive investing climate is crucial. We could start with educating investors on the unconscious biases that might be skewing their decisions. Building networks where women entrepreneurs can meet the right investors, who are genuinely interested in diverse and inclusive businesses, would also help. More incubators and accelerators designed for women could provide the specialised support needed to take their businesses to the next level - but these are in addition to, not instead of, proper financing.

## Olenka Kacperczyk, London Business School

Considering the systemic barriers women face, there is a need for targeted interventions at various stages of the entrepreneurial journey. Mentorship programmes, specifically tailored for women, can provide the necessary guidance and support, helping them navigate challenges. Furthermore, financial institutions and venture capitalists need to have greater awareness of their inherent biases and ensure that funding opportunities are equitable. Policies that promote transparency in funding decisions and encourage diversity in investment portfolios can be instrumental in levelling the playing field. Indeed, policies that reduce the cost and time needed to found a new venture have been shown to be effective in increasing the rate of ventures founded by women.



**50% of female vs  
40% of male  
entrepreneurs**  
had struggled to get funding  
during the previous year



## Natasha Guerra, Runway East

There have been some fantastic initiatives which inspire and encourage young female entrepreneurs... I am particularly impressed by the way major UK banks have led these schemes so that female business owners have backing and experience delivered by large trusted entities. The “Women Backing Women” campaign is particularly inspiring. It’s fantastic to see a major drive for growth in female-founded businesses coming from successful female entrepreneurs ourselves. This will hopefully create a cyclical ecosystem where the founders supported by the programme then support new female leaders.

## Julian Dowling, Launch Club Capital

The proliferation of accelerators and incubators focused on supporting women entrepreneurs helps address some of the challenges...such as access to networks and mentorship. Another notable trend is the growing popularity of gender-lens investing, where investors consider the gender impact of their investments and actively seek opportunities to support female entrepreneurs. Most importantly is the increased awareness and discussions about the challenges faced by female entrepreneurs. More and more women voice out through panel talks, events and other channels to publicly share their experiences, which challenges and promotes gender diversity in the startup ecosystem.

## Lucy Cohen, Mazuma Money

I’ve certainly seen special funding pots for women-led startups, more mentorship opportunities, and networks dedicated to supporting women in business start to blossom. Tech platforms are also emerging to make it easier for women to find resources, networks and funding. The financial world is slowly waking up to the value of backing diverse businesses, but it’s way too slow.

## Sharon Cook, Choice Business Loans

We have seen the British Business Bank allocate localised funds in various regions, and part of the remit of those funds is to have a preferential lend to female entrepreneurs. This is a great start...The challenge with the response from the government to the Rose Review is that it’s not enough, and often some of the increases - such as in childcare help - are woefully inadequate. The government needs to review further how it can support women entering the world of entrepreneurship, and potentially this may start at school level, where girls can be empowered earlier and encouraged to start businesses once they have left education.



It’s fantastic to see a major drive for growth in female-founded businesses in the UK coming from successful female entrepreneurs ourselves.

*Natasha Guerra, Runway East*



## Natasha Guerra, Runway East

The biggest advance will come from changes in secondary school education and encouraging entrepreneurship in young girls. It can be difficult to change systems that are entrenched...so the most effective change can come from developing female students' ideas and providing them with the tools to start businesses. With systems in place that inspire these young female entrepreneurs and support them...there is an opportunity for the proportion of male-led to female-led businesses to be levelled out, and as a result, funding opportunities to be shared.

## Lucy Cohen, Mazuma Money

To really speed things up, we need to keep pushing against the ingrained biases. Policies encouraging (or mandating) diversity in venture capital and financial institutions could stir things up. Celebrating women's successes in business more visibly can inspire others and show investors what they're missing. Collecting more data on women in entrepreneurship could help tailor more effective support. And fundamentally, promoting a culture that supports balancing business ambitions with personal life could make entrepreneurship more accessible to women.

## Olenka Kacperczyk, London Business School

Significant challenges arise for women founders when attempting to attract, motivate and retain skilled talent in the crucial post-entry and growth stages. Recent studies have found that...skilled men overwhelmingly favour employment opportunities in male-founded startups over those led by women. Startup employees also exhibit significantly lower willingness to exert discretionary effort, work overtime hours or display organisational citizenship behaviours when working for a woman founder compared to a man. Therefore...de-biasing employees, and promoting greater awareness of employee bias against women founders is a great starting point.

## Sharon Cook, Choice Business Loans

I think more government lobbying is needed to ensure that the financial support to allow women the freedom to enter into business is available to them. The Prince's Trust charity is set up to help young entrepreneurs aged 11 to 30 to build confidence, get a job or launch a business - perhaps we need something similar for female entrepreneurs.

## Conclusion

There's been some progress since the Rose Review in 2019, with the number of female-founded companies rising, more women on boards, and plenty of support initiatives such as the Investing in Women Code. But the UK is far from achieving entrepreneur equality. Women entrepreneurs are finding it harder than men to get funding. And the gulf between the value of Start Up Loans lent to men vs women has grown since 2019. Our expert panellists have suggested ways to speed up progress - and with an extra £250 billion on the table for the economy, can the UK really afford to allow the funding gulf to continue?

## About Finder

Finder is a personal finance website which helps consumers compare products online so they can make better-informed decisions. Consumers can visit the website to compare bank accounts, mortgages, credit cards, insurance products, loans and so much more before choosing the option that best suits their needs.

finder.com/uk launched in the UK in February 2017 and is privately owned and self-funded by two Australian entrepreneurs – Fred Schebesta and Frank Restuccia – who successfully grew finder.com.au to be Australia's most visited personal finance website (source: Experian Hitwise).

For all media enquiries, or for additional comment, contact [matt.mckenna@finder.com](mailto:matt.mckenna@finder.com).

## About the author

Michelle Stevens is a deputy editor at Finder, specialising in banking, finance and mortgages. She has a journalism degree from the University of Sheffield and has been a journalist for 15 years, writing on topics including fintech, payment systems and retail.