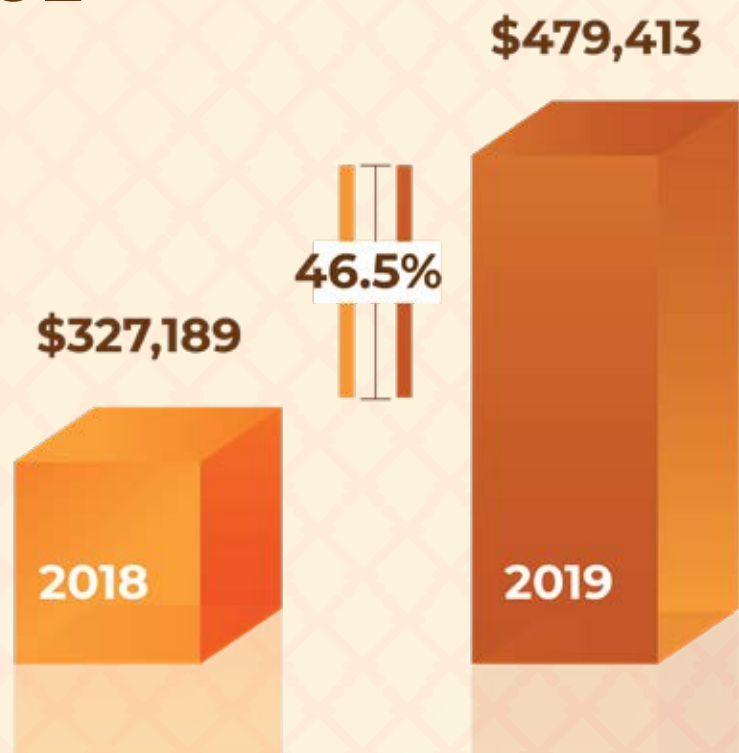# Biz2Credit®

Latino
Small Business
Study 2019

Earnings of Latino-Owned Businesses Jumped 46 Percent During Past 12 Months, According to Biz2Credit's Annual Study

Growth Outpaces Non-Latino Owned Businesses with Economy at Full Strength

# AVERAGE ANNUAL REVENUE

$327,189

2018

46.5%

$479,413

2019

Average Annual Revenue of Hispanic-owned business increased to $479,413 in 2019, with an improvement of 46.5% from $327,189 in 2018.

The number of credit applications from Hispanic-owned businesses Increased by 23% over the past 12 months.

AVERAGE CREDIT SCORE

594
588

2017-18   2018-19

HISPANIC-OWNED
BUSINESSES

608
599

2017-18   2018-19

NON-LATINO-OWNED
COMPANIES

CREDIT
SCORE

588
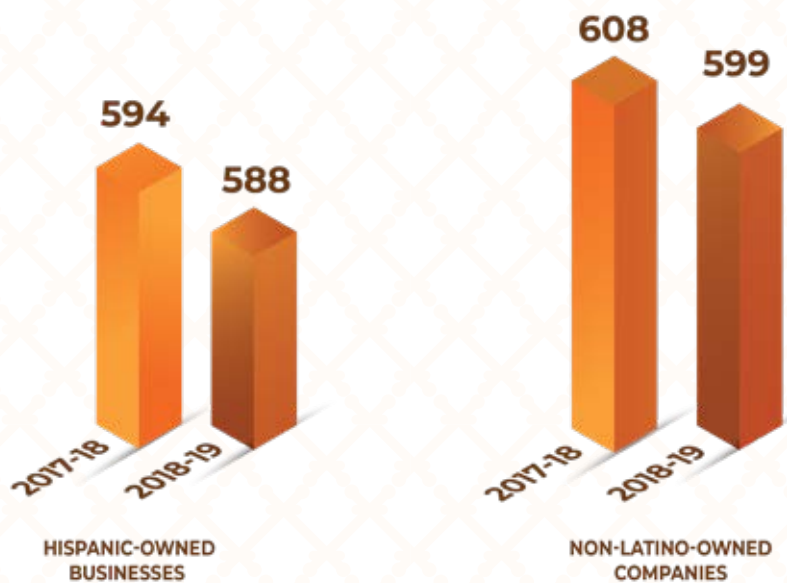
The average credit score for Hispanics slightly dipped from 594 of last year to 588.

Accommodation and Food Services remains the largest category of businesses represented nearly 18% of the Hispanic-owned companies in the study. Services (except Public Administration) were 17%, Construction remains close to 15%, Retail Trade remains almost unchanged to 13%, Transportation and Warehousing 8% were the four next most common industries for Latino entrepreneurs.

AVERAGE
ANNUAL REVENUE

$479,413 $590,110 $327189 $352256

2018-19

2017-18

HISPANIC-OWNED
BUSINESSES

NON-LATINO-OWNED
COMPANIES

HISPANIC-OWNED
BUSINESSES

NON-LATINO-OWNED
COMPANIES

Average annual revenue for Hispanic-owned businesses ($479,413) was $25,067 lower than Non-Latino-owned companies ($590,110) in 2018-19.
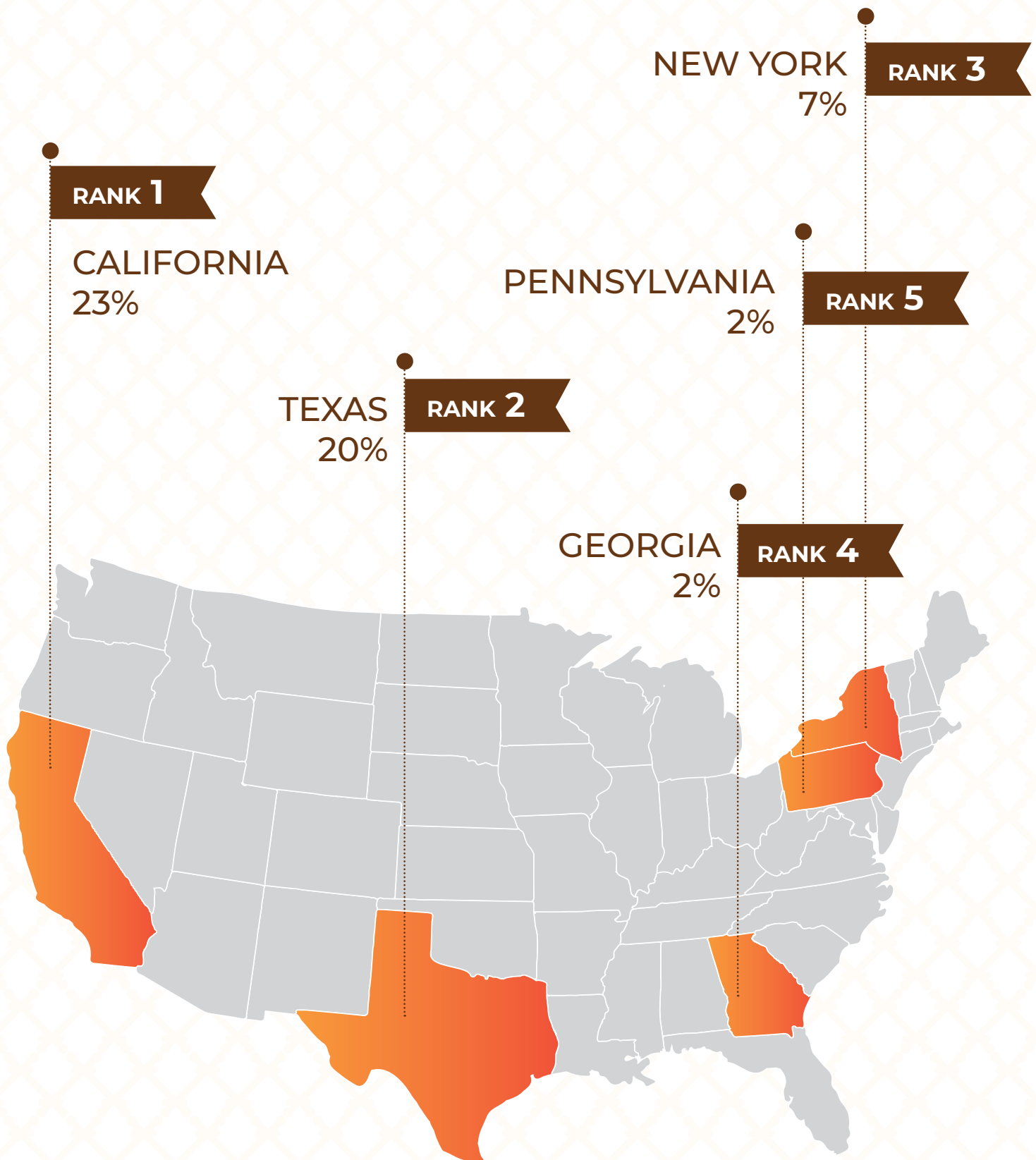
AVERAGE
OPERATING EXPENSE

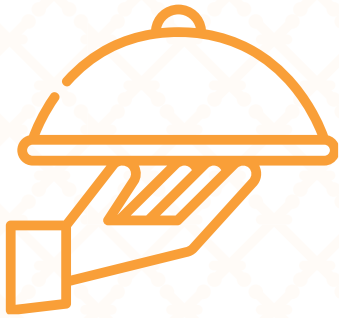|	2018-19			2017-18	
$215846		**$239844**	**$140806**		**$133834**
HISPANIC-OWNED BUSINESSES		NON-LATINO-OWNED COMPANIES	HISPANIC-OWNED BUSINESSES		NON-LATINO-OWNED COMPANIES
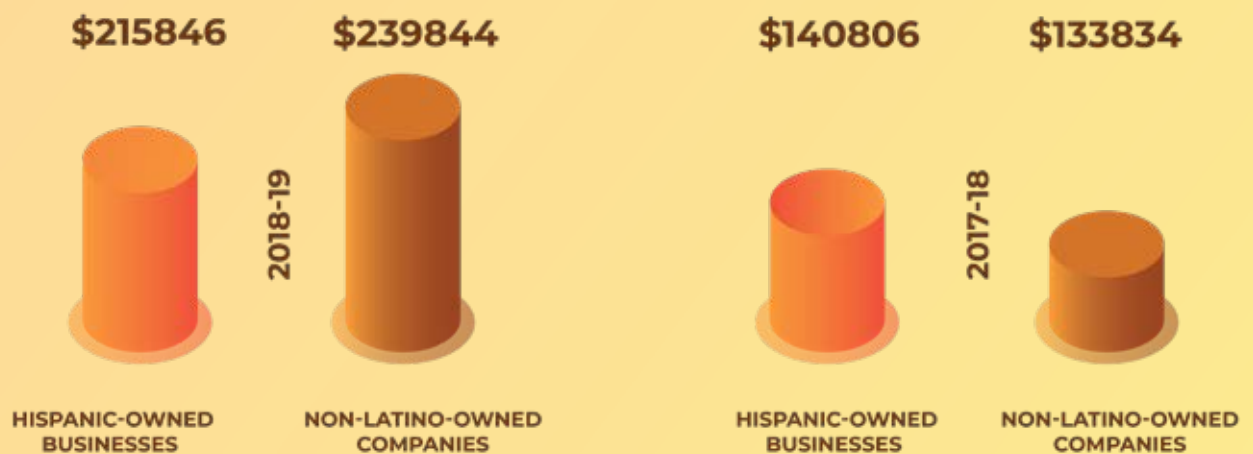
Average operating expense represents 45% ($215,846) of the Average Annual Revenue ($479,413) for Hispanic-owned businesses, which was 43% ($140,806) in 2018. The rise of nearly 3 percent is observed in average operating expense of non-Latino businesses which is 40.6% (2019) from 38% in 2018.

TOP 5 STATES FOR HISPANIC OWNED
SMALL BUSINESS LOAN APPLICATIONS

NEW YORK
7%

RANK **3**

RANK **1**

CALIFORNIA
23%

PENNSYLVANIA
2%

RANK **5**

TEXAS
20%

RANK **2**

GEORGIA
2%

RANK **4**
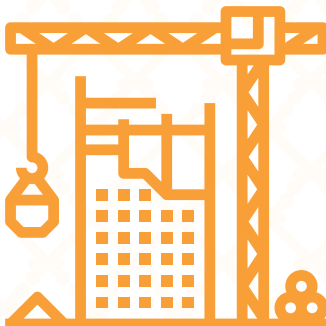
TOP INDUSTRIES
FOR HISPANIC ENREPRENEURS

18%
FOOD SERVICES

17%
SERVICES

15%
CONSTRUCTION

METHODOLOGY

SOURCE DATA

Applications posted during 1th Aug'18 till 31th July'19 in Biz2Credit marketplace was consider for the hispanic study.

MISSING VALUE ANALYSIS:

Some applications didn't have states or industry with them and some of the applications were missing credit score. Those applications were removed from the analysis and credit score with value 0 was replaced by mean of non-zero values.

OUTLIER ANALYSIS:

Outlier analysis was perform in variables like Annual Revenue, Operating Expense, Personal Credit Score and Age of Business. These outliers were treated separately for Hispanic owned businesses and non- Hispanic owned businesses since range of values for different variables found to be different and rightly so because Hispanic-owned businesses would possess different characteristics than non- Hispanic owned businesses.

Various outlier techniques were tried for treatment like alpha (where alpha=90,95,99) percentile mean replacement, alpha (where alpha=90,95,99) percentile capping and IQR (Inter Quartile Range) method. Best outlier treatment was applied based on variable characteristics. Further reports were generated using treated data.Comparing their Averages Values of each variables

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