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# Genesis Bank is betting big on mom-and-pop salons

By [John Reosti](#) May 11, 2023, 3:46 p.m. EDT 4 Min Read



*Genesis Bank CEO Stephen Gordon talks with director Tam Nguyen and Nguyen's mother, Kien.*

With deposits at a premium industrywide, a de novo bank believes it can unlock a rich vein of liquidity serving underbanked mom-and-pop businesses in its Southern California footprint.

The \$181 million-asset Genesis Bank in Newport Beach unveiled a professional network to service Southern California's massive but fragmented nail and beauty industry last month. Genesis plans to

launch a similar effort focused on restaurants and other food and beverage businesses, Chairman and CEO Stephen Gordon said.

"That's one of the next directions we're going to go," Gordon said, referring to Genesis' interest in the restaurant, food and beverage space. While Gordon didn't rule out lending by Genesis, the bank's primary objectives appear to tilt more toward the funding side of the balance sheet.

"Banks historically don't like to finance [restaurants and other food and beverage businesses] but there are a lot of nonbank third parties that absolutely want to provide financing opportunities," Gordon said. "We just want to bank the cash management, treasury management and depository" side of the relationship.

Genesis, [which opened in August 2021](#), has proved no slouch at deposit gathering. It reported deposits of \$116.7 million on March 31 — up from \$98 million at year end. Genesis is one of just two minority depository institutions classified as a multiracial MDI. For a bank to receive the multiracial MDI designation, it must serve a footprint whose population is predominantly minority, and it must feature a multiracial board of directors. In Genesis' case, four of seven directors are minorities.

In April, Genesis announced the creation of the Beauty Industry Professional Advisors (BIPA), which will offer small nail and beauty salons financial and technical education, access to experts in business and employment law, as well as accounting, tax and insurance services. Genesis' contribution to the BIPA network includes financing opportunities, along with "technology enabled treasury and cash management depository services," Gordon said.

Genesis' strategy assumes entrepreneurs in the nail and beauty space will value the BIPA's comprehensive approach more than their current relationships, which rarely extend beyond a local bank branch, according to Jennifer Simmons, Genesis' president and chief operating officer.

"They're talking to someone with no authority who turns over so quickly in some cases that clients don't know who to call to help with a loan," Simmons said. "Then, that nail or beauty owner is turning to friends or family or their home equity line or their credit card. It happens in this space more than it should. If you get the proper banker, they can find the proper financing."

Support from a professional network "will empower beauticians to manage their businesses more efficiently and effectively," said Tammy Camp, founder and CEO of the San Francisco-based digital payments provider Stronghold.

"The banking industry should pay more attention to small-service businesses like nail and beauty salons," Camp added. "They serve an essential function in local economies and deserve business services that meet their unique needs. A network offering these will uplift entrepreneurs and offer valuable business growth opportunities."

"Underbanking is rampant among small businesses, and giving them better access to credit could spur economic growth," Jack Prenter, CEO at the Canadian-based financial research firm DollarWise, said.

Though Gordon described nail and beauty salons as "an unnoticed industry," Genesis' involvement isn't as much of a stretch as it might seem. One of its directors, Tam Nguyen, serves as chairman of Advanced Beauty College in Garden Grove, California. Nguyen helped conceive the BIPA concept, Gordon said. Many of Advanced Beauty College's more than 50,000 graduates have opened salons in Southern California, Gordon added.

"There is a massive number of these salons here in Southern California, and a huge number of them right here in Orange County, in our backyard," Gordon said. "They all know Tam Nguyen. It's logical for us to do this given our connectivity into" the nail and beauty industry.

Genesis' prospective restaurant, food and beverage initiative is also benefiting from a board-level boost. Director Ruben Smith, a prominent Southern California attorney, also serves as chairman of the Latino Food Industry Association.

In addition to Genesis and Advanced Beauty College, which will provide clients with technical assistance, the BIPA network includes attorneys Derrick Nguyen and Mike Vo. Local CPA, tax and insurance firms are also part of the alliance.

"We've kind of put together a dream-team, one-stop professional advisory approach," Gordon said. "It's not what banks have become. Banks over the decades have become very transactional."

There should be no shortage of potential customers for the BIPA.

Genesis' four-county footprint, including Los Angeles, Orange, Riverside and San Bernardino counties, is huge, home to 17.5 million people and more than 480,000 small businesses, according to the Census Bureau. As many as 11,000 of those small businesses are nail and beauty salons, Gordon estimated.

"There are some people who own 50 or 100 locations, but they're not the norm. The norm is the individual or family who own one or two locations," Gordon said. "It's extremely fragmented."

Genesis may have hit on an advantageous time to jump into the nail and beauty space. According to the Bureau of Labor statistics, employment for nail and beauty workers is expected to grow faster than the average for all occupations. BLS forecast 22% growth for nail workers during the decade ending 2031. That figure is 11% for beauty workers.

"We know that we can be a go-to solution for those within the industry who right now are kind of left behind and don't have the same level of access to the banking system as a lot of other more sophisticated businesses," Gordon said.