



THE AMERICAN COLLEGE  
CENTER FOR  
ECONOMIC EMPOWERMENT  
AND EQUALITY

# Black Women, Trust, & The Financial Services Industry

THE AMERICAN COLLEGE CENTER FOR ECONOMIC  
EMPOWERMENT AND EQUALITY TRUST STUDY –  
PRELIMINARY FINDINGS

The American College Center for Economic Empowerment and Equality is the flagship center for research, thought leadership, curriculum and course development, programming, and scholarships to narrow the wealth gap and cultivate lasting relationships between financial services and all underserved groups. We invite you to get involved at [Equality.TheAmericanCollege.edu](https://Equality.TheAmericanCollege.edu).

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The Center for Economic Empowerment and Equality recently began a large-scale exploration of Black women's trust in the financial services industry. The objective was to conduct an empirical analysis of the current state and a outlook on opportunities positioned to shape the financial future of Black women, their families, their communities, and the profession.

This report shares key insights and exemplifies how the Center will work with methodical urgency, a cultural lens, and a collaborative mindset to narrow the racial wealth gap.

# About the Study

The Center's research study stands out for its scale and intentional demographic weighting to glean representative, statistically significant insights from middle-income, educated Black women. With a geographically representative sample of over 3,500 Black women, this is one of the most ambitious studies of their perspectives on financial matters.

The study combines quantitative and qualitative methods to create a holistic picture of how Black women feel about the financial services industry, money, wants, needs, and their role in the household and the community. Within this construct, we were able to glean valuable insight into Black women as a customer segment that needs increased awareness and support from financial advisors and institutions.

Most importantly, the study goes beyond basic financial characteristics to look at the role of cultural beliefs, racial identities, and linked fate in financial decision-making. In addition, the study explores Black women's approach to financial decisions and their relationships with financial services institutions. Thus, it offers a rich and emerging portrait of Black women as financial consumers and decision-makers.



# How the Financial Services Industry Can Develop a True Advisory Relationship with Black Women

Black women are an important, influential customer segment desiring an approach that goes beyond transactional relationships to an informational and educational service model that supports a life-long wealth journey.

## Black women in our study:

- Are the primary earners in **63%** of Black households
- Are the majority owners in over **1.5 million** businesses with more than **\$42 billion** in sales<sup>1</sup>
- Power the Black community's **\$1.5 trillion** spending<sup>2</sup>
- Are engaged in day-to-day financial decision-making in **nearly all** the households surveyed

For any advisor or financial institution, the opportunity is significant and has the potential for sustained positive outcomes to Black communities across America.

At all income levels, Black women are underserved and under-advised. To build trusted relationships with them, advisors and institutions must focus on both value and values. Black women want services tailored to their needs, but they prefer to work with individuals and businesses that have a strong ethical core, are aligned

with their values, and respect their priorities for wealth building. Black women see their financial fate as linked to the economic conditions in the Black community and expect their financial advisors and institutions to understand this need.

Building trust with Black women means taking their cultural values seriously and offering products and services tailored to their needs and preferences.

<sup>1</sup> Nielsen. African-American Women: Our Science, Her Magic. 9/2017.

<sup>2</sup> Nielsen. Increasingly Affluent, Educated and Diverse: African-American Consumers. 9/2015.

# The Need for Financial Literacy in Financial Services

To tailor advice, products, and services to the unique needs of Black women, financial advisors and institutions must better understand these women's perspectives and culture before selling to them.

The financial services industry must become more culturally competent and sensitive to the lens through which Black women view their economic priorities and relationship with money and finance.



**APPROXIMATELY**

**2/3**

of surveyed Black women expressed a strong interest in building wealth for themselves, their families, and their communities.

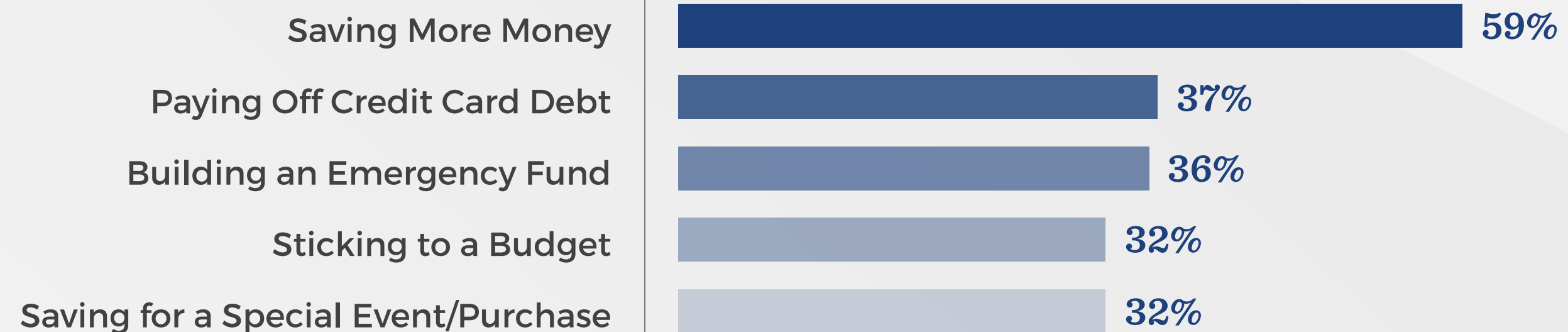
# The Need to Better Position Products and Services

In thinking about how best to deliver outcomes along Black women’s wealth journeys, financial services must look beyond the product offering and focus on building trusted relationships with Black women to increase the uptake of wealth-building products and services.

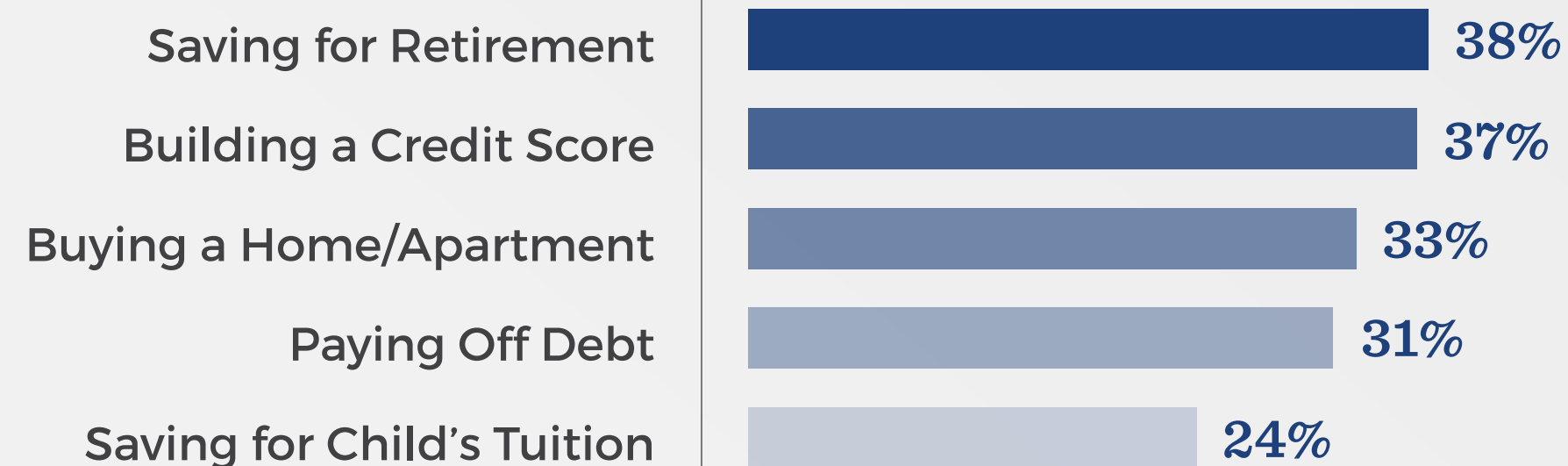
For decades, financial services firms have looked at products as the solution to narrowing the racial wealth gap. While product access is paramount, the Center’s research underscores that tailored messaging to Black women about the need for certain products at certain life stages is most essential.

A commitment to education that empowers Black women can, in fact, deepen the advisory relationship. Black women have clear short-term goals – emergency savings, debt reduction, budgeting – and long-term desires – retirement savings, quality credit, saving for a child’s tuition – where certain products add value as *part of a plan*.

## Top Short-Term Goals



## Top Long-Term Goals



# The Need to Highlight Black Professionals and Institutions

While the focus remains on recruiting and retaining Black financial professionals, the industry must also consider how to position and promote those professionals and Black-owned institutions as trusted brokers with Black women and their communities.

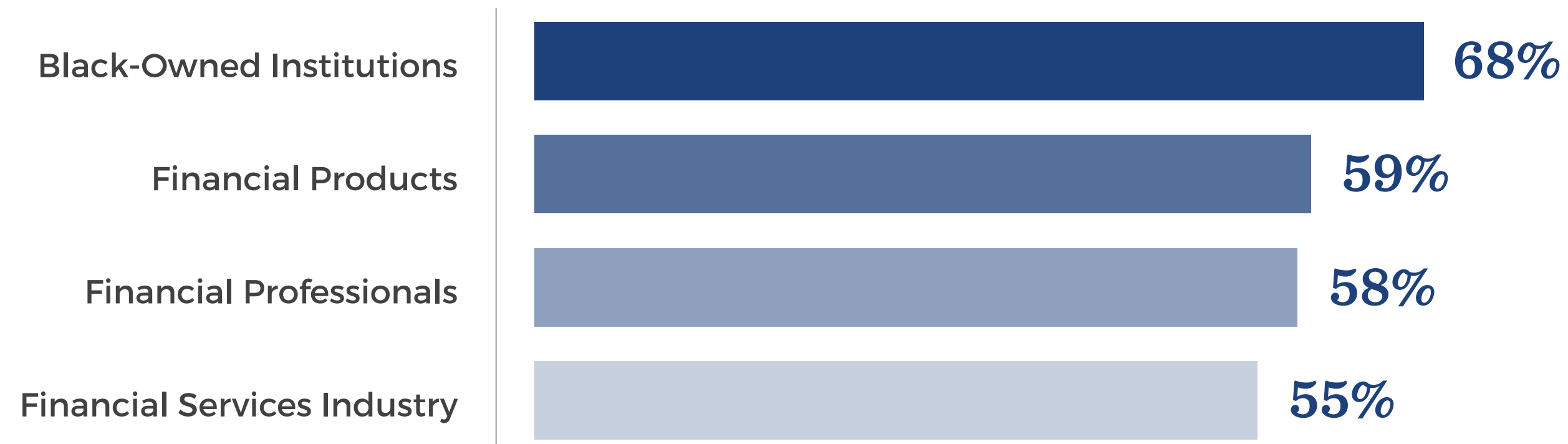
Black financial professionals have the unique cultural competency to identify gaps and maximize strategies to better engage and advise Black women on their wealth journeys.

The Center's research indicates that Black women want:

- Fairness
- Transparent information
- Honest messengers

And while Black women do trust financial services professionals and services, they report the *highest trust* for Black-owned institutions.

## Who Do Black Women Trust?



**Key questions remain.** Can the financial services industry look for ways to partner with Black institutions along the advisory value chain? And can Black financial institutions carve out a key role as intermediaries to forge partnerships with more traditional financial services organizations to understand and respond to the cultural perspectives of Black women?



# What Comes Next



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The Center frames this research study as an **inquiry** of what Black women want and need to succeed financially, an **introduction** to the Center's work through Four Steps Forward to promote upward mobility and wealth building for Black America, and an **invitation** to be part of an industry-wide solution.

A collective conversation can lead to tremendous collective impact potential on Black women as clients, as well as their communities and the financial services profession.

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