

The Trust Gap between Advisers and Black Women

By Kerry Pechter Thu, Nov 11, 2021

A new study by The American College's Center for Economic Empowerment and Equality shows that Black women don't trust financial advisers. But to learn the origins of that mistrust, you need to look elsewhere.



According to the inaugural “Black Women, Trust, and the Financial Services Industry Study” from The American College Center for Economic Empowerment and Equality (CEEE), three in five Black women have difficulty finding financial advisers they trust.

Most Black women apparently aren’t even looking for an adviser, either because they aren’t aware that advice is available, have difficulty “accessing wealth-building tools,” feel discriminated against, or for “lack of trust” in the financial services industry.

That’s “especially concerning given Black women play a prominent earning and financial decision-making role in Black households and communities,” said the study, which is based on a survey of 3,500 Black women.

Anyone familiar with recent books like [“The Color of Money,”](#) [“The Sum of Us,”](#) or [“From Here to Equality”](#) can cite reasons for this suspicion. Since the Civil War, in the North and South, African-Americans have been denied many economic opportunities that whites take for granted.

But 36% of black women now have college degrees, according to SPGlobal, and they represent an opportunity for financial services providers—hence the appearance of many new surveys of them as a potential untapped market. The CEEE’s research sought to understand Black women’s “unique financial, social, and emotional insights concerning their wealth journey, its linked impact on their families and communities, and what Black women want and need from the financial services industry to succeed financially.”

Intended to “reintroduce” advisers to Black women, the CEEE Trust Study “explores new thinking around better serving Black women, their households, and their communities concerning their wealth wants and needs” and tries to show advisers how “to build trust and better relationships with Black women.

The research underscored three cultural norms critical to Black women's financial decision-making and relationships with the financial services industry. Among the emerging themes:

- 60% of respondents expressed difficulty in finding financial professionals or advisers who they trust. 'Lack of trust' was the most common reason after 'too expensive' for not accessing financial services.
- 62.5% of respondents in higher-income households stated it was important to build wealth for the community. They put community and family first, instead of focusing on "rugged individualism."
- 58% believe Black institutions can provide the tools to serve their needs
- Value of interpersonal community and relationships
- Black women trust financial services professionals to a greater degree (~10% more) than financial services organizations.
- Black women (58%) are more likely to report that racial identity, more than gender, affects how they are treated by financial services professionals.

Among other key takeaways from the research:

- Emergency savings, retirement funds and credit scores are top priorities for Black women – as well as major sources of concern
- Racial identity is significant for Black women in both their financial decision-making and their financial services institutions
- Black women do trust financial services, but they are more trusting of Black-owned institutions

To learn more about the Trust Study and the Center for Economic Empowerment and Equality, go to **TheAmericanCollege.edu**.

To learn more about why African-Americans don't trust financial institutions, go to the books mentioned above or to any of dozens of other books that document examples of financial discrimination against Black Americans from the end of the Civil War until the Civil Rights legislation of the 1960s and beyond it.

Examples include the failure of the Freedman's Savings Bank in 1874, the exclusion of Black domestic and farm workers from the earliest version of Social Security, the "red-lining" of urban Black neighborhoods by lenders, and the racial covenants that kept Blacks from buying any of the tens of thousands of homes in the Levittowns built in Pennsylvania, New Jersey, and New York in the 1950s.

"Wokeness" refers in part to an awareness that some of the rungs on the metaphorical ladder to financial success—rungs that white Americans can take for granted—haven't been

available to many Black Americans.

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