



COLLECTIVE IMPACT FOR BLACK COMMUNITIES ACROSS AMERICA

How We Can Make a Collective Impact

The Collective Impact initiative includes a coalition of financial services firms and foundations working together to create lasting change in how Black America establishes wealth and how organizations support wealth creation. The initiative will focus on community investment and the development of products and services to match particular needs and goals. This is a win-win opportunity to promote upward mobility and wealth building for Black America and sustainable value for your organization.

The College invites organizations and foundations from across the financial services industry – including banks and credit unions, insurance companies, broker-dealers, asset and wealth managers, financial technology firms, and industry trade organizations – to join this initiative as founding members and collaborators, and to provide intellectual capital and philanthropic investments.

Through The American College Center for Economic Empowerment and Equality, financial services industry leaders and private foundations will work collaboratively to shape research, thought leadership, curriculum and course development, programming, and scholarships. Projects will bring together national organizations and local communities which want to see lasting impact and also be part of it. A seat at our collective table provides you a voice in developing meaningful change.

Why Collective Impact Matters: Bridging The Gap

Building wealth in Black America is critical to Black communities and to the financial services industry. Based on current census tracts, America will become a majority-minority nation by 2045, with the percentage of Blacks growing by 34%.

Creating wealth for Black America means investing in communities and providing the right products, services, and distribution to meet the needs of financially literate consumers. Community investment can include bond issues, building of infrastructure, and funding for new businesses. Products and services include, but are not limited to: annuities, life insurance, savings accounts, personal and business loans, as well as asset management, financial planning, insurance, wealth management, and trust and estate planning services.

The case for the Collective Impact initiative is compelling. According to the Federal Reserve, as of 2016, the average Black American family had total net median wealth of \$17,600 – less than one-tenth the wealth of the average white American family, which stands at \$171,000. Collective Impact initiatives will explore ways to bridge this gap to provide financial security and generational wealth for Black America.

Further, the racial wealth gap is estimated to cost the U.S. economy \$1-\$1.5 trillion through 2028 – 4% to 6% of projected 2028 GDP. A McKinsey & Company study found that bridging the wealth gap for Black Americans could drive a potential \$60 billion a year into the financial services profession.

Collective Impact will drive positive economic outcomes for those who are both underserved and underrepresented in the financial services industry.

Initial Research: A Better Understanding of the Challenges to Develop New Pathways

The Collective Impact initiative brings leaders together to conduct research that will inform how best to deliver tangible outcomes and drive lasting change in wealth creation for Black America. Initial Collective Impact research seeks to understand the long-standing, deep voids and challenges to overcome with Black America and the financial services industry in order to drive sustainable, generational change.

Organizations tend to follow an isolated impact approach that seeks to invent independent solutions to major societal problems, often competing with each other and exponentially increasing the resources needed to make meaningful progress.

The chart below provides a framework for the Collective Impact coalition’s initial research project. Research will seek to understand the challenges to overcome for wealth creation in Black America.

CHALLENGES TO WEALTH CREATION IN BLACK AMERICA

BLACK AMERICA: INDIVIDUALS, FAMILIES AND COMMUNITIES	FINANCIAL SERVICES INDUSTRY
Lack of trust in financial services industry	No urgency to understand why that is
Deep-rooted and long-standing emotional and behavioral scars related to the wealth gap	Lack of understanding around the creation and exacerbation of this gap
Belief that there is little hope of finding solutions to systemic wealth inequality	Lack of understanding on why many have given up hope
Empty promises of past programs that have had little positive impact on the overall financial well-being of Black America	Billions of dollars spent by the financial services industry has had little impact on the overall financial well-being of Black America
Diversity and inclusion programs have helped some but have stalled or gone backwards in recent years	Discouraged by the lack of progress made with diversity and inclusion programs and no good solutions
Lack of community investment, products, services, and distribution to meet consumer needs	Insufficient community investment, products, services, and distribution to meet consumer needs

The Center will facilitate the use of funds and expertise in an effort to create a massive knowledge transfer to the Black community and financial services industry. Initial research will inform future projects.

How it Will Work

The American College Center for Economic Empowerment and Equality will lead the Collective Impact initiative. The Collective Impact coalition will identify necessary research to formulate an evidence-based decision-making process that welcomes all perspectives. The College has the well-credentialed faculty, as well as the academic and industry partnerships, to plan and execute research that details and identifies potential resources, target audiences, and specific communities of need. We will validate our learning with the Black community so that initiatives can help address the challenges described above, which have been barriers to long-term, sustainable solutions.

Tangible Impact for Your Organization

Participating in this initiative will provide knowledge and support for your organization to forge relationships with these communities and develop or refine products, services, and programs to meet their needs and goals. These communities are full of current and potential clients, employees, partners, business owners, and future leaders. Collective Impact creates value for organizations and for the communities they serve.

ABOUT THE AMERICAN COLLEGE CENTER FOR ECONOMIC EMPOWERMENT AND EQUALITY

The American College Center for Economic Empowerment and Equality is the flagship for research, thought leadership, curriculum and course development, programming, and scholarships aimed at cultivating lasting relationships between financial services and all underserved communities.

ABOUT FOUR STEPS FORWARD

An approach led by a broader coalition of financial services firms can narrow the racial wealth gap, promote professional diversity, and fortify relationships with communities of color. *Four Steps Forward* is a big, bold initiative focused on delivering pro-business, pro-community outcomes that promote upward mobility and wealth building for Black America.

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