



Upward Mobility and Wealth Building for Black America: The Financial Services Industry Responds By Promoting Racial Equality and Financial Wellbeing

Executive Summary

Racial injustice and inequality have followed a certain playbook for decades, and no matter the statistics or the screams for help, they have always continued.

It is time that our nation actually understands those marginalized and mistreated for so long. As the only non-profit, accredited institution dedicated to financial services education, we believe that the financial services industry has a pressing obligation to effect change given its role in helping people accumulate, retain, and distribute wealth. For far too long, those people have been predominantly white and already affluent – a cycle of entitlement that must stop in favor of a platform that promotes upward mobility and wealth building for Black America.

A viable action plan for sustainable, generational change will help narrow the wealth gap, and have a lasting effect on how the profession best serves a fast-becoming majority-minority nation. These are the financial industry's future customers. Standing on the frontlines now will afford the profession a monumental opportunity to better understand these communities and support their financial needs.

As an industry, we can repeat the efforts of the past and achieve the same insufficient outcomes, or we can find common ground around a generational cause. The College proposes that the financial services industry devotes its financial and intellectual capital to participate in these *Four Steps Forward*.

- 1. Collaborate with strong, established partners in financial literacy to curate and deliver programs to Black women across their life journey with money.** The College will play the active role of amplifying, tracking, evaluating, and adjusting delivery techniques to achieve the goal of one million Black women completing a financial literacy and wellbeing program by 2025. Women are the primary breadwinners for 63 percent of Black households and make up 68 percent of Black baccalaureate degree holders. As educated and capable professionals and civic-minded leaders, they are not only the financial decision-makers, but they are also the gatekeepers to communities and cultures. As former First Lady Michelle Obama has said, "The difference between a broken community and a thriving one is the presence of women who are valued." By creating greater access to applied financial knowledge and community solutions, The College strives to narrow the wealth gap and benefit society through generational financial literacy that empowers and educates. The financial services industry can complement these efforts with products and services specifically designed to help Black families create and sustain wealth-building practices.
- 2. Create a collective impact initiative that can be executed locally, with community-focused programs and the financial and intellectual capital of national organizations.** COVID-19 has

demonstrated that urgency for impact can bring organizations together and drive expedited efforts to deliver something tangible for the benefit of society. Working in partnership with local professionals, corporate America can create lasting change in how Black communities view and create wealth. Establishing a platform that includes the best financial and investment tools in partnership with boots on the ground that understand policy impact will increase our shared capacity to deliver lasting, measurable outcomes.

3. **Identify next-generation Black leaders at financial services firms and develop their leadership, interpersonal, and relationship skills through an executive program that helps them break through the corporate ceiling in a white male dominated environment.** Building a pipeline of Black leaders capable and eager to lead in this industry is critical to best address the changing racial landscape of America. Blacks need access to proven pathways that can guide them from middle management into positions of corporate power and influence. We want to create an environment for sharing best practices across racial and leadership lines and sponsoring and developing Blacks' career progression at financial services companies. This corporate commitment at the highest level is simply non-negotiable.
4. **Commit to purposeful professional development in the form of recruiting more Blacks into financial services, developing a study-group blueprint that equips Black professionals with the knowledge to get these groups off the ground, and rallying financial services firms and trade organizations to identify top advisors to serve as mentors and coaches for these professional study groups.** It is time that the industry looks more like our diverse nation. Yet, Black professionals often feel shut out from predominantly white networks. An approach focused on creating and fostering a collaborative, inclusive environment will improve how Black professionals view their career prospects and become successful. This plan also includes ways for the financial industry to evaluate and eliminate the impediments to attracting and retaining more Blacks in the business.

Everyone says that this time seems different. The financial services industry has the opportunity – and the obligation – to make sure it really is different.

As former Supreme Court Justice Thurgood Marshall once said, “We must dissent from the indifference. We must dissent from the apathy...from the fear, the hatred, and mistrust. We must dissent from a nation that has buried its head in sand. We must dissent because America can do better, because America has no choice but to do better.”

Existing Challenges That Require Tackling the Status Quo

We have all heard the stories of Black men and women navigating America's densest housing projects – the malnutrition, the financial stress, and the entrenched inequalities in our system that eventually boil over. It is no mystery that Black Americans have become fearful of cops, of creditors, even of each other as their survival instincts take over.

This is what it is, not what it has become. While corporate America has condemned the actions that led to George Floyd's death through spokespeople and social media managers, a crisis communications response will not mitigate future injustices, like the killing of Rayshard Brooks outside an Atlanta Wendy's restaurant. While this step will fill a news cycle, left alone, it will not fill the void of needed leadership and a real sustained effort to improve the lives of many Black Americans. Despite million-dollar philanthropic pledges and anti-discrimination projects over decades, the embedded systemic challenges the Black community face remain.

America is laying bare its weakness in this moment of immense pain. It is time that our nation not only hears, but really understands those marginalized and mistreated for so long. This request is bigger than a commitment to hiring a few more Black men and women, setting up a diversity council or cloaking systemic racism and the struggles that Black people face with a program that means well, but stops a few steps short of feeling uncomfortable. A committed approach led by a broader coalition across the nation has expressed its willingness to act.

The Financial Services Industry Must Lead Through This Time

The Black community's needs are not new, and they have only become more urgent over time. We have witnessed how the effects of socioeconomic factors on healthcare inequity have played out in sad reality during the COVID-19 pandemic. The deep-rooted inequalities in the criminal justice system are again part of the public discourse, reflecting on how police officers actually police Black communities as well as the disproportionate number of Black men and women currently incarcerated or part of the system via probation or parole. We also cannot forget where inequalities begin, in educational and economic systems that have left so many in the Black community behind and struggling to catch up.

Americans and civic-minded organizations can seize this opportunity to commit to impactful change on these issues and others. As a nation, our legacy proves that success over a shared threat comes through rising as one. We need powerful institutions, like those in the financial services industry, to act now to lead the way in the critical areas they know best and to become a change agent and platform for progress rather than to merely mirror societal norms.

Recent events and the nation's response present an opportunity to establish a new standard for racial equality and financial wellbeing. It is time for the financial services industry to finally address the systemic issue underneath these inequality patterns.

Just as this nation evolved and tried to move past the stain of slavery, we must stand up now. A coalition of financial leaders can have a tremendous impact on the profession and the national economy by bringing all of their expertise across sectors to the table to affect real, lasting change during this moment in our nation's history. We can teach and guide the Black community to look at assets with a long-term view in the same way financial services firms look at their organizations. Only with this foundation can we define wealth at the community level and deploy organizational knowledge to help put these Black communities on a path to upward mobility and wealth building.

Defining wealth inside overwhelmingly Black communities is also an important exercise inside organizations, as America evolves into a majority-minority nation within the next 20-30 years. Pursuing

this opportunity will improve how firms build business relationships with these communities and target specific products and services to match particular financial needs and goals. These communities are full of current and potential clients, employees, and future leaders – so by doing good for them, organizations can gather the intelligence needed to build businesses and workforces. The perspective needed to build a sustainable company is the same desire we have to build sustainable Black communities for future generations. This opportunity to think through a new standard for wealth in America poses a win-win for all involved.

The American College of Financial Services is a Catalyst for Change

While organizations are assessing where best to allocate resources, we believe that our standing and approach to this crisis is unique from run-of-the-mill or siloed solutions. First, while we recognize the gains of individual efforts over time, this is an invitation to pool the intellectual and financial capital across industry sectors to move beyond the “business as usual” approach to upward mobility in the Black community.

Second, this plan is centered on a holistic, measurable, scalable, and replicable approach that marries both the providers and acquirers of financial solutions with vetted input from both sides.

We also recognize that the Black community is not monolithic – some are looking for access to education that promotes financial security, while others already in the industry are looking for a path to upward mobility. We believe leveraging the collective sector knowledge allows us to identify unique opportunities to better serve the business and wealth outcomes of both.

The College is not focused on saving anyone or selling anything. Our strategy is to integrate existing wins into an accelerated, more culturally relevant dynamic to Black wealth creation that can benefit all who contribute. And finally, we believe that a centuries-old problem cannot be solved with a quick-fix mindset, but rather must be addressed over time to create sustainable, generational change. We welcome organizations who share in this commitment.

As an accredited, non-profit institution educating financial professionals for a near-century, The College has the partner relationships, professional reputation, and impartiality to convene the industry’s trade and financial services organizations to help shepherd this broad initiative.

We are adept at online and hybrid education to best serve the changing landscape of knowledge delivery and the evolving needs of adult learners. We are equally focused on providing quality research and opportunities for philanthropic investment to advance these needed outcomes.

The College’s commitment to evidence-based, data-driven solutions positions it well to serve as the industry convener, and its goal to build the required economies of scale and scope will serve as a pathway towards bold outcomes.

We want the entire industry to participate in a bold plan led by The College’s newly created Center for Economic Empowerment and Equality. This plan will specifically address the issues facing the Black community, but the Center model can be used to uplift the Hispanic community, the Asian community, and other cultural markets.

Today, given the national unrest, the “hot spot” is Black America. The question before us is not if we will answer the call, but whether we will repeat the same missteps along the road to a truly inclusive economy. This model should not replace what financial services firms are already doing, but should be additive to those initiatives – defining a way to increase and accelerate the impact of proven leaders in an area that needs an integrative approach to “winning.”

Below, we lay out *Four Steps Forward* (not in singular order) for your consideration in making a difference in Black communities and lifting up Black leaders into influential positions in corporate America and across the financial services profession. Together, we can understand these communities and leadership roles through research, data analysis, and on-the-ground involvement, then move quickly to identify quick wins to establish our presence and increase momentum.

We want to begin this initiative with multiple research projects focused on collecting evidence-based indicators that will support our community and corporate solutions. Together, we can identify financial challenges in the Black community and pinpoint gaps in the system that require further understanding and allow the industry to answer pressing questions needed to execute our big-tent plan in a surgical manner. We can ascertain why recruiting-based initiatives have not led to career longevity, find needed areas of professional development, and further explore how to build and retain a pipeline of motivated professionals. We can also identify the educational and entrepreneurial needs of Black women based on their life and career situation – whether they are just starting a career in the business or they are looking to take the leap to running their own firm.

Financial Literacy/Wellbeing: Focused on Impact and Outcomes

When looking at economic data and stock prices, we hear the caveat: “The economy is not the stock market.” We tend to ignore an even bigger chasm – the United States is the world’s largest economy, but according to the Standard & Poor’s Financial Literacy Survey, it ranks tied-14th with Switzerland in financial literacy. To put that into perspective: the U.S. adult financial literacy level of 57 percent is only slightly higher than Botswana, whose economy is 1,127 percent smaller.

The numbers are even bleaker in the Black community. According to a late 2019 study by the TIAA Institute, Black financial wellbeing lags total U.S. adults, particularly white adults. Blacks scored 17 percentage points lower than white adults on the Institute’s Personal Finance Index, a difference that remains consistent after controlling for other socio-economic factors, such as gender, education, marital status, and household income. Black women scored seven percentage points lower than Black men, and Blacks with household incomes under \$25,000 scored the worst of any sub-group at 25 percent. In general, many financial wellbeing surveys paint the same picture: financial literacy is generally lower among Blacks, females, younger people, and those with less formal education and income.

We believe a committed approach that leverages practical, purposeful, applied financial knowledge can make a major impact. We propose that the financial services industry explore partnerships to target financial literacy programs to Black women in communities across America.

Why start with Black women? The failure to adequately empower and educate Black women has been an identified, yet underfunded problem for too long. Educational empowerment should also create a

strong current for increased financial security amongst Black female professionals and target young Black females just starting their life-long relationship with money. The College will play an active role in amplifying, tracking, evaluating, and adjusting delivery techniques to achieve the goal of one million Black women completing a financial literacy and wellbeing program by 2025.

Women are the primary breadwinners for 63 percent of Black households and make up 68 percent of Black baccalaureate degree holders. As educated and capable professionals and civic-minded leaders, they not only make the financial decisions, but they are also the gatekeepers to communities and cultures. As former First Lady Michelle Obama has said, “The difference between a broken community and a thriving one is the presence of women who are valued.” By creating greater access to applied financial knowledge and community solutions, The College strives to narrow the wealth gap and benefit society through generational financial literacy that empowers and educates. These programs will seek to offer access to a variety of audiences, including college freshmen at Historically Black Colleges and Universities, as well as Black females just starting their career after successfully becoming a first-generation college graduate. As an accredited institution, The College will identify distribution points that provide a level of comfort, validity, and trust for Black females.

The financial industry can complement these efforts by identifying products and services specifically designed to help families create and sustain wealth-building practices and by striving to provide access to these products and services to all communities. Among our efforts, The College plans to encourage participants to advocate for and pursue policy changes that would benefit Black women, such as equal pay, affordable childcare, student loan reform, and affordable housing reform at the local, state, and federal levels. This effort is about creating a lasting change, not to do things the way they have always been done. This is about innovative empowerment to build a legacy.

The College also believes that educational empowerment will create a groundswell of entrepreneurial empowerment and opportunity in the Black community. While entrepreneurship in the U.S. has been on the decline, Black women are starting businesses at a strong clip. Since 2007, the number of businesses owned by Black women has grown 164 percent. Granted this increase comes from a low baseline, but it demonstrates the desire for upward mobility and personal ownership of financial security. Yet, despite the hustle, these women are limited in access to capital and resources needed to establish longevity.

According to the Federal Reserve System’s 2016 Small Business Credit Survey, just two percent of capital goes to U.S.-based female-only founder teams in venture capital, and just two percent of that small pie goes to women of color. Financial literacy targeted to these females will continue to empower them to inquire about starting their own community business, and by filling this funnel, the demand for access to resources and financing should only increase.

Financial literacy programs can also serve as tools for Black women to identify areas of professional interest. This data would be tremendously helpful when targeting jobs programs in the Black community.

The College’s strength in explaining financial concepts and its desire to serve as a curator of research and knowledge, alongside the industry’s expertise in increasing consumer engagement, will help drive real impact.

A National Platform Executed at the Community Level

In the immediate aftermath of racial injustice, entrepreneurs, celebrities, and Corporate America tend to offer significant charitable money to “fix” the problem. Yet, dollars flying in different directions will only affect change so far and for so long until the next crisis shifts capital to another cause.

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.

Yet, COVID-19 has shown us all that urgency for impact can bring organizations together. Just think about the public-private partnerships and organizational expertise driving an expedited effort to find a vaccine for COVID-19. The resources and partnerships are meeting an immense need, and we can match that same effort here.

We propose to convene the nation’s top financial services organizations in a collective impact initiative that marries organizational capital with the profession’s top thinkers to deliver the greatest outcomes in Black communities. Instead of capital diverging, we should facilitate dialogue to leverage funds and expertise in an effort to create a massive knowledge transfer to the Black community. That leverage requires all of the financial and investment tools at the profession’s disposal, including impact investments and current tax and investment incentives.

A collective impact initiative establishes processes that point to common metrics and agreed-upon end goals. Together, we can collect and analyze the data then communicate with the researchers, academics, and professional leaders in the Black community to understand how best to act on it.

This collaborative effort will include the financial services industry’s best intellectual capital and the necessary funds ready to deploy to local communities based on their specific needs. This requires boots on the ground, specifically, public officials and smart financial professionals who understand the financial knowledge needed to deliver the most significant impact. The people we are talking about are the same people that lead and drive the most successful financial services firms. For some communities, that may mean advancing knowledge around specific economic and financial issues, while in others, it may mean developing tools and teaching programs from the ground-up. The outcomes are not pre-intended, but instead they are purposefully fuzzy and malleable so there is room to bring further clarity through discussion and planning sessions.

This ambitious initiative is more than charity and engagement. It aims to bring together national organizations and local communities who want to not only see the change, but also be part of it. This project will combine top-down organizational strength with bottom-up community involvement to effect real, lasting change.

Executive Leadership in Corporate America

Despite Blacks accounting for roughly 13 percent of the U.S. population, they only occupy 3.2 percent of the senior leadership roles at large U.S. companies and just 0.8 percent of all CEOs at Fortune 500 companies. Putting that into context, just four Fortune 500 chief executives are Black.

This “ceiling” is not from a lack of desire. A report from The Center for Talent Innovation, *Being Black in Corporate America*, noted that it is not a lack of personal ambition holding Blacks back. Black professionals were 12 percentage points more likely than white professionals to indicate career ambition, yet nearly one-in-five felt someone of their race or ethnicity would never achieve a top job at their company. The same report showed that just 31 percent of Black professionals had access to senior leaders at work – a major networking and face-time flaw that is historically tied to career advancement in corporate America.

A recent report from the U.S. Government Accountability Office measured the trend line in the percentage of specific races/ethnicities in financial services management positions from 2007 to 2015. It drew a startling comparison – Asian, Hispanic, and other classified non-white races all increased their percentage of management positions in the profession. Yet, Blacks saw their share fall from 6.5 percent to 6.3 percent. What is holding them back?

The Stanford Project is a program focused on helping Asian Americans transition into leadership roles in corporate America. Similar efforts are underway to do the same for Black leaders – one a program at Carnegie Mellon and the other with the Executive Leadership Council that focuses on those just below the C-Suite (this is probably the smallest cohort of any Black group).

We propose executing an initiative that identifies next-generation Black leaders at financial services firms and focuses on improving their leadership, interpersonal and relationship skills within a white male dominated corporate environment. Blacks need more opportunities to move from middle management into senior management and executive roles, including corporate board service – positions of power and influence. Executives who participate must be sponsored by their firm and have a senior executive colleague agree to sponsor and develop them in their role and career progression at the firm. While individual success is self-directed, it is essential to demonstrate that an individual is not alone in their journey.

PwC’s 18th Annual Global CEO Survey could not be clearer: More than 75 percent of the financial services CEOs who have adopted a strategy to promote diversity believe it is helping them enhance innovation, customer satisfaction, and overall business performance.

The College has experience in delivering graduate level education, but this ambitious endeavor aims to identify a variety of stakeholders to obtain the perspectives and expertise needed to establish robust curriculum and programming. Our plan includes identifying specialists in academia and former or current Black executives who have learned how to successfully navigate corporate America – these are the leaders with the life lessons and practical, applied knowledge that will set this program apart. We will also explore a condensed management track for the executive sponsor, who can then help the Black potential leader absorb and apply the knowledge in their role at the organization.

The College will lead in researching competency gaps and desired learning outcomes and formulate a bold curriculum that explores avenues to lead through influence and effective communications, to guide organizations through change and competitive environments, and to lead cross-functional teams that contribute to organizational success.

Purposeful Professional Development in Financial Services

The College's Conference of African American Financial Professionals (CAAFP) is a community dedicated to education, mentorship, and networking. Its goal is to increase diversity in the financial services profession through scholarship and community organization. The CAAFP held a one-day virtual event in 2020 and will reconvene for its 15th annual live conference in 2021. The largest conference for Black financial professionals focuses on their roadblocks and delivers strategies to build lasting businesses and relationships with the communities they serve.

Through partnerships with financial services organizations, The College proposes a strategy to recruit more Blacks into financial services and develop a best-practices template for Black study groups. Building a robust, diverse pipeline into the business will require most firms to change their thinking and their practices to promote a culture of inclusivity. Once firms have employed more Black advisors, a path to success must be established.

So often, Black financial professionals feel shut out from predominantly white study groups in a profession that lacks diversity, yet works with similar clientele. A two-pronged approach will include a blueprint that equips these professionals with the knowledge to get these groups off the ground and a massive effort to have financial services firms and financial advisor trade organizations recruit their top advisors to serve as mentors and coaches.

These coaches/mentors would share how their study groups function, offer strategies for success, discuss how they set up joint work opportunities, and participate in teams for major client cases. Mentorship may lead to peer-to-peer collaboration outside these study groups, increase their chances of lasting success, and help support career advancement in the Black community.

While there are valuable, and valued, national mentorship programs for Black business professionals, there is nothing of organizational prestige and backing in the financial services profession.

In recruiting, The College believes we must elevate the baseline and examine how the industry can partner with business schools and designation and degree programs, how organizations can write more inclusive job descriptions that attract talent, and how the industry can conduct research that better highlights the necessary tools needed to succeed. Data scientists who identify what success looks like across gender and race will allow us to compare necessary hard and soft skills and detect areas of inequity in workplace recruiting, training, and development.

In focusing on retention, The College aims to address corporate culture around diversity and inclusion that makes organizations an attractive place to work long-term and also seeks to identify the characteristics or tangible skills in successful Black professionals. Better recruiting efforts can lead to better long-term, industry-wide retention.

In Closing

The American College of Financial Services recognizes that this plan has no predecessor – because this moment requires a new frontier of thought. On its own, no organization or institution could make a real, lasting dent in the pervasive inequities deeply entrenched in Black communities and across the financial

services industry. So, we ask you: “How far are you willing to venture outside the norms of institutional crisis response?” “How does this moment speak to your organization’s culture of inclusivity today and where you want to see it a decade from now?” “What does success look like to you?”

In answering those questions, we believe you will identify shortcomings, but more importantly, immense opportunities to forge new working relationships, think thoughtfully and act boldly, and come to embrace an approach unique in its assembly and delivery. This makes good business sense to best serve a fast-becoming majority-minority nation and it makes great societal sense to open avenues of access and opportunity. Let’s do this, together.