

TO CREATE AN ECONOMY THAT WORKS FOR ALL OF US, WE MUST CLOSE THE RACIAL WEALTH GAP

The United States has been a beacon of economic growth and opportunity for decades, but not all Americans have benefitted equally. Today, the median net wealth of white households is 10 times greater than that of Hispanic households and 13 times greater than that of black households, creating a racial wealth gap.¹

This problem affects all of us, not just households of color. By 2043, it is estimated that the majority of the U.S. population will be comprised of people of color—many of whom have never had the opportunity to be part of a financially secure middle class.² **A strong economy that works for all of us must be built on inclusion—an economy in which everyone has the opportunity to build assets and contribute.**

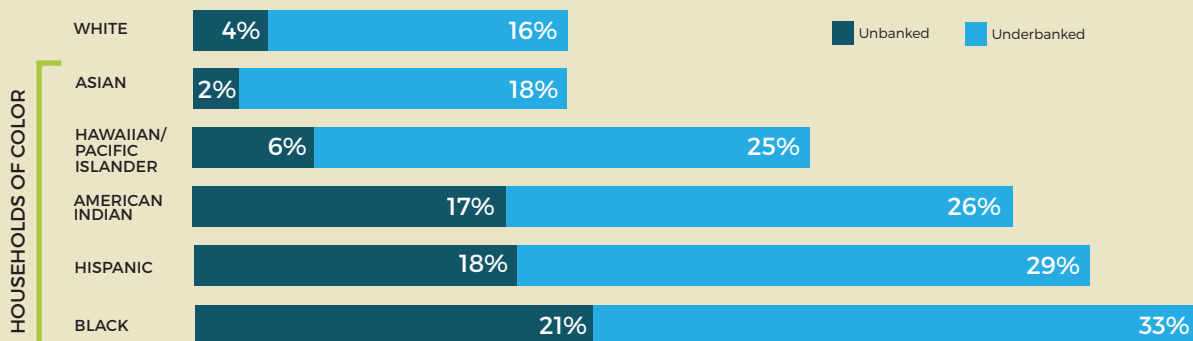


To build the economy of tomorrow, we need to address three challenges today.

► EXPAND FINANCIAL ACCESS

Many households of color lack access to safe and affordable financial products and services.

Many households of color are unbanked, meaning they do not have a bank account at all, while many more are underbanked, meaning they have a bank account but also rely on alternative financial services, such as payday lenders, to carry out everyday financial transactions.³



Nearly two-thirds of households of color lack the savings to sustain them during a long-term financial emergency.⁴

A majority of households of color use cash for day-to-day financial transactions.⁵

Many households of color rely on fringe—often high-cost—alternative financial services* to carry out everyday banking needs.⁶

61%

OF HOUSEHOLDS OF COLOR

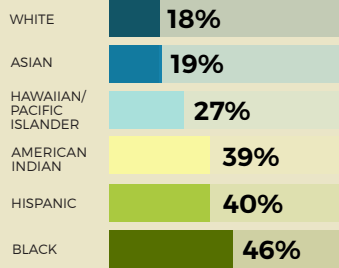


35%

OF WHITE HOUSEHOLDS



69%



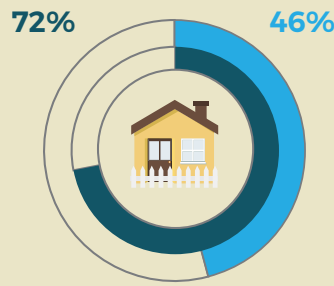
* use of alternative financial services in the prior 12 months.

► EXPAND ACCESS TO ECONOMIC OPPORTUNITIES

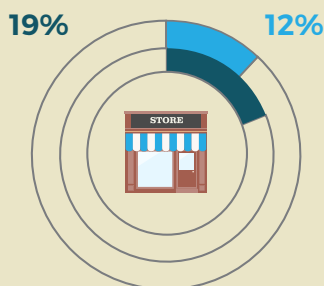
Financial access is only part of the problem—households of color also face growing gaps in assets and wealth ownership.⁷

White Households | Households of Color

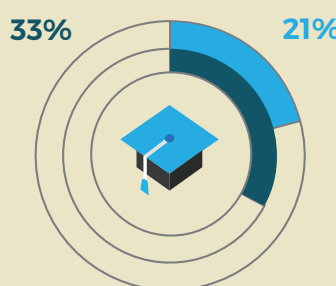
Own Homes



Own Businesses



Have College Degrees



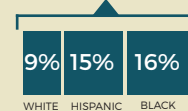
Net Worth

WHITE HOUSEHOLDS **\$110,637** compared to **\$12,377** HOUSEHOLDS OF COLOR

► BUILD & REBUILD FINANCIAL IDENTITIES

Many households of color are “Credit Invisible” or have “Subprime Credit.”⁸

“Credit invisible” consumers are those with thin or no credit histories.



“Subprime” consumers are those with a credit score of about 640 or less on the FICO scale, making them ineligible to borrow money at prime rates.



MY CREDIT SCORE IS BELOW 640

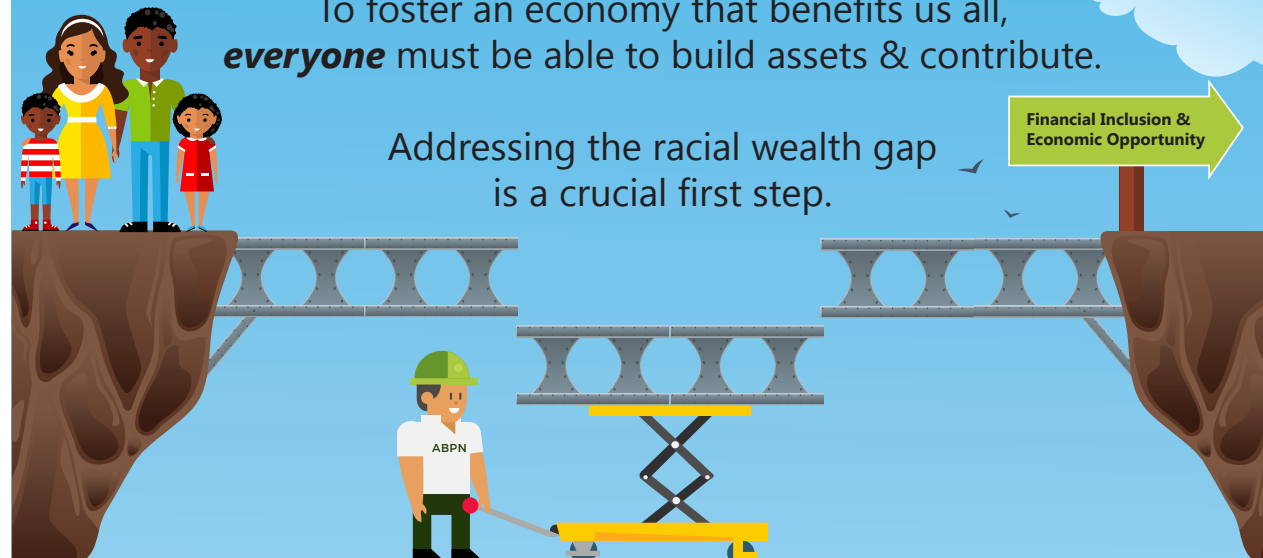


Being “credit invisible” or having a “subprime” credit score makes it significantly more difficult to access credit at affordable interest rates, creating obstacles to securing employment, housing and more.

To foster an economy that benefits us all, **everyone** must be able to build assets & contribute.

Addressing the racial wealth gap is a crucial first step.

Financial Inclusion & Economic Opportunity



THE ASSET BUILDING POLICY NETWORK IS COMMITTED TO CLOSING THIS GAP THROUGH SOLUTIONS THAT INVEST IN THE ECONOMIC PROGRESS OF HOUSEHOLDS OF COLOR

Increasing financial capability among legal permanent residents and empowering them to attain the benefits of citizenship.

Increasing college enrollment and completion rates among low-income African-American students.

Addressing barriers to market entry and access to capital experienced by low-income Latino entrepreneurs.

Identifying and integrating best-in-class asset-building strategies into the Promise Neighborhoods Initiative.

The Asset Building Policy Network (ABPN) is a coalition of the preeminent civil rights and asset-building organizations, together with Citi Community Development, committed to expanding economic opportunities for low-income communities of color through policy, research and program solutions aimed at generating savings and strengthening household financial resiliency.

TO LEARN MORE ABOUT HOW WE'RE INVESTING IN THE FUTURE OF THE AMERICAN ECONOMY, VISIT OUR WEBSITE AND FOLLOW US ON TWITTER.

www.assetbuildingpolicynetwork.org

@theabpn



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