

THE RACIAL WEALTH GAP

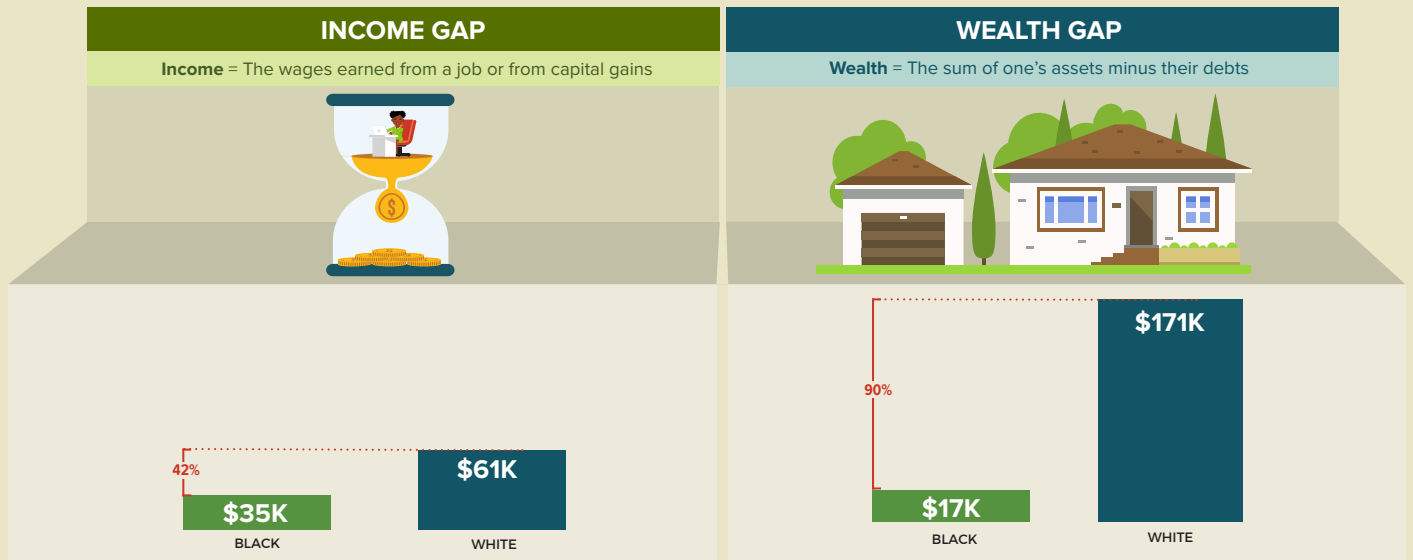
TO CREATE AN ECONOMY THAT WORKS FOR ALL OF US,
WE NEED TO UNDERSTAND AND ADDRESS RACIAL WEALTH INEQUALITY

Only half of Americans realize that there is a wide gap in financial well-being between White households and households of color,¹ and even fewer realize that the problem is deeper than income inequality.

THE INCOME GAP BETWEEN BLACK AND WHITE HOUSEHOLDS IS A BIG PROBLEM, BUT
THE WEALTH GAP BETWEEN THESE GROUPS IS AN EVEN BIGGER PROBLEM



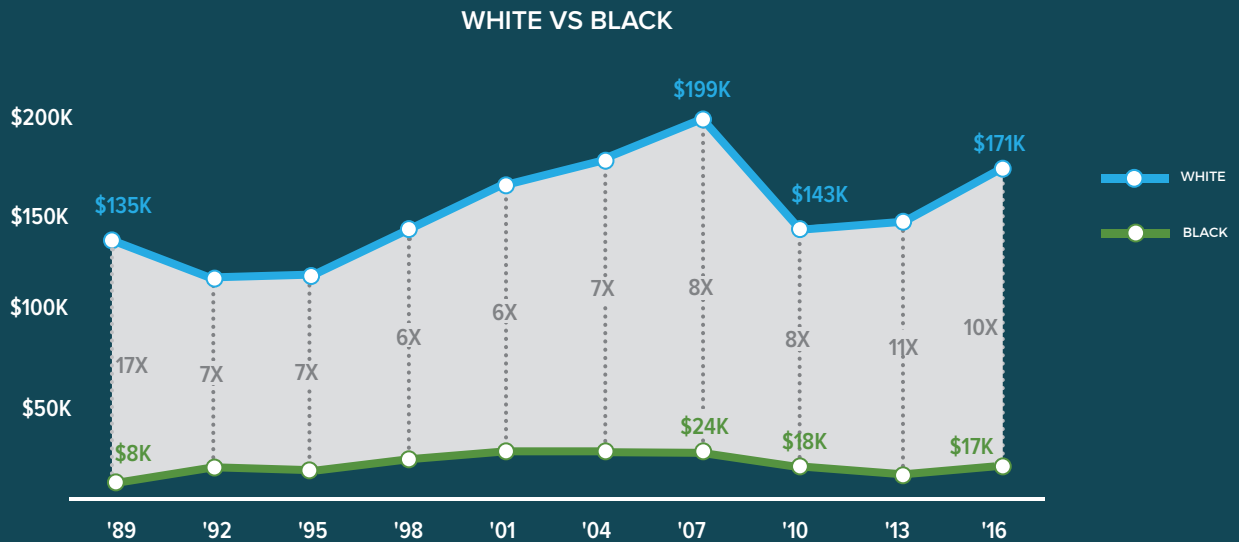
MEDIAN HOUSEHOLD INCOME AND WEALTH, 2016²



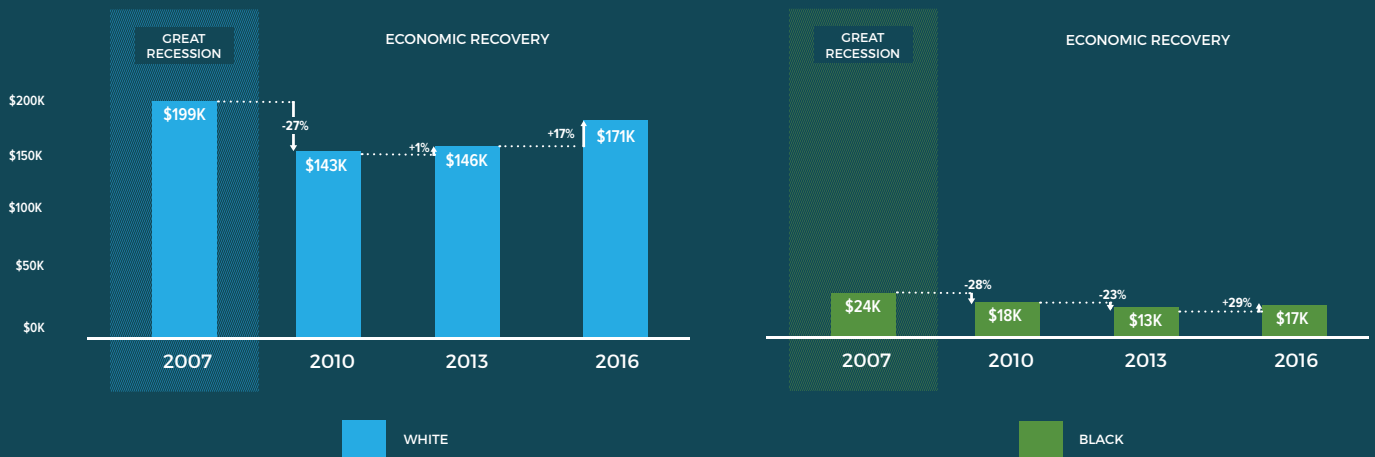
¹ "On Views of Race and Inequality, Blacks and Whites Are Worlds Apart," Pew Research Center (Washington, DC), June 27, 2016, www.pewsocialtrends.org/2016/06/27/on-views-of-race-and-inequality-blacks-and-whites-are-worlds-apart/.

² Board of Governors of the Federal Reserve System, *2016 Survey of Consumer Finances* (SCF) (Washington, DC: Federal Reserve Board, 2017), see 'Excel Based on Public Data', 'Estimates inflation-adjusted to 2016 dollars'.

OVER THE PAST THREE DECADES, THE BLACK-WHITE WEALTH GAP HAS NOT SIGNIFICANTLY IMPROVED³



THE RECESSION HIT BLACK HOUSEHOLDS HARD, WHILE THE ECONOMIC RECOVERY OVERLOOKED THEM⁴



³ Board of Governors of the Federal Reserve System, *2016 Survey of Consumer Finances (SCF)* (Washington, DC: Federal Reserve Board, 2017), see 'Excel Based on Public Data', 'Estimates inflation-adjusted to 2016 dollars'.

⁴ Lisa J. Dettling, Joanne W. Hsu, Lindsay Jacobs, Kevin B. Moore, and Jeffrey P. Thompson with assistance from Elizabeth Llanes, *Recent Trends in Wealth-Holding by Race and Ethnicity: Evidence from the Survey of Consumer Finances*, FEDS Notes, Board of Governors of the Federal Reserve System, September 27, 2017.

TO CLOSE THE RACIAL WEALTH GAP, WE MUST ADDRESS SEVERAL CHALLENGES FACING BLACK HOUSEHOLDS TODAY.

1 PROVIDE ACCESS TO SAFE AND AFFORDABLE FINANCIAL PRODUCTS AND SERVICES⁵

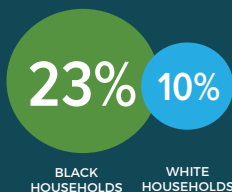
Many Black households are unbanked, meaning they do not have a bank account at all, while many more are underbanked, meaning they have a bank account but also rely on alternative financial services—such as payday lenders—to carry out everyday financial transactions.



In 2017, underserved consumers—including those unbanked and underbanked—spent \$173 billion in fees and interest to use alternative financial services.⁶

2 EXPAND ON OPPORTUNITIES TO INCREASE INCOMES AND SAVINGS⁷

INCOME POVERTY



Black households are more than two times more likely to live below the federal poverty line.

LIQUID ASSET POVERTY



Over three out of every five Black households do not have enough savings to replace income at the poverty level for three months in the event of a financial emergency.

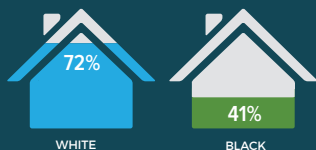
UNEMPLOYMENT RATE



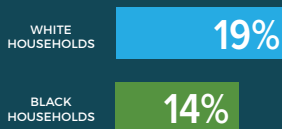
Black workers are unemployed at much higher rates today than White workers—a reality that has held consistent since the 1970s.

3 INCREASE ACCESS TO WEALTH-BUILDING OPPORTUNITIES⁸

HOMEOWNERSHIP RATE

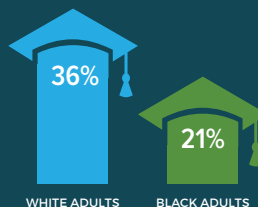


BUSINESS OWNERSHIP



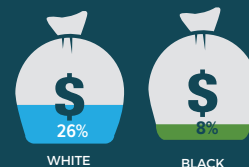
HIGHER EDUCATION ATTAINMENT

Adults with at Least a 4-Year Degree (%)



FAMILY FINANCIAL ASSISTANCE

Percentage of Households that Received an Inheritance



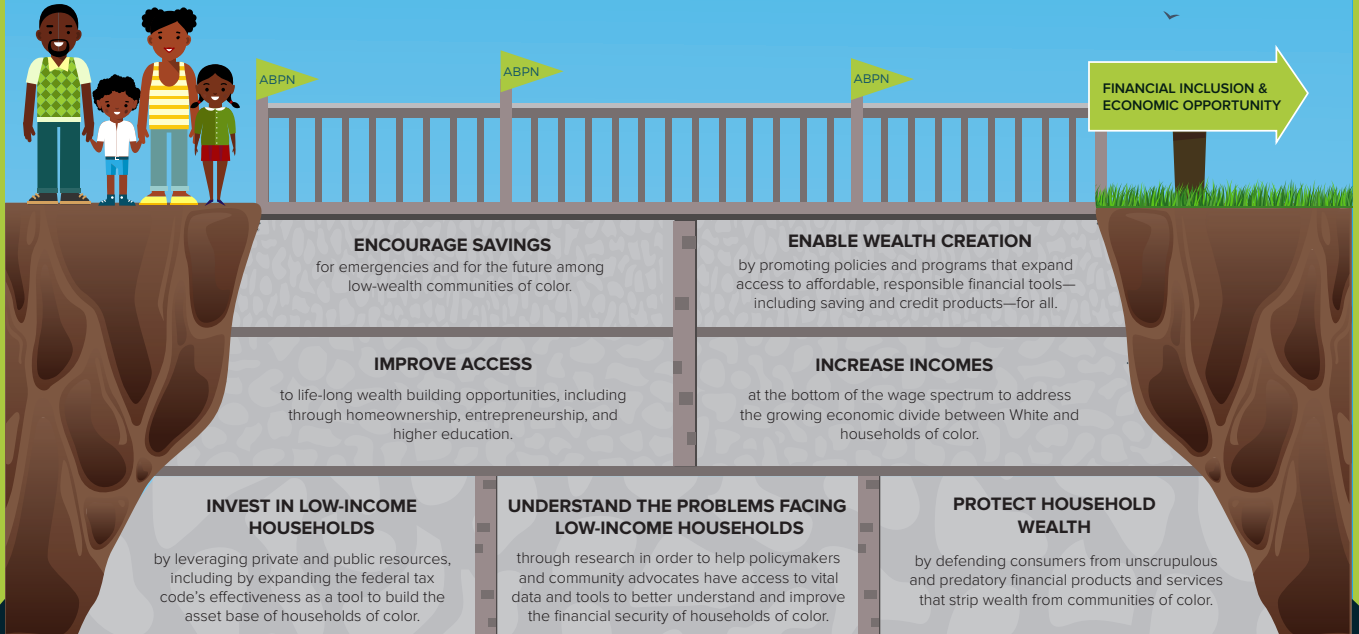
⁵ "2017 FDIC National Survey of Unbanked and Underbanked Households," Federal Deposit Insurance Corporation (FDIC), Appendix, Pg. 1. 16 Ibid, Pg. 81-86.

⁶ Rebecca Loya, Chris Brown and Marisabel Torres, "The Future of Banking: Overcoming Barriers to Financial Inclusion for Communities of Color," (Washington, DC; Oakland, CA: UnidosUS, PolicyLink, 2019).

⁷ "Income Poverty Rate by Race," "Liquid Asset Poverty Rate by Race," "Race Detail - Unemployment Rate," 2019 Prosperity Now Scorecard, February 2019, <http://scorecard.prosperitynow.org/>

⁸ "Homeownership Rate," "Business Ownership Rate," "Four-Year College Degree," 2019 Prosperity Now Scorecard, February 2019, <http://scorecard.prosperitynow.org/>; "Family Financial Assistance," "Recent Trends in Wealth-Holding by Race and Ethnicity: Evidence from the Survey of Consumer Finances."

ALTHOUGH THERE IS NO SINGLE SOLUTION TO BRIDGING AND CLOSING THE RACIAL WEALTH GAP...



...THE ASSET BUILDING POLICY NETWORK IS COMMITTED TO ADDRESSING THIS GAP THROUGH MULTIPLE APPROACHES THAT AIM TO GENERATE SAVINGS AND STRENGTHEN HOUSEHOLD FINANCIAL RESILIENCY WITHIN COMMUNITIES OF COLOR.

The mission of the Asset Building Policy Network (ABPN), a coalition of the preeminent civil rights and asset-building organizations, together with Citi Community Development, is to expand economic opportunities for low-income members of communities of color. We develop and promote research and program solutions aimed at generating savings and strengthening household financial resiliency within communities of color. We focus on systems and policy change across a range of areas—from financial services to entrepreneurship to immigration to the tax code—that impact wealth creation with the goal of not only creating equitable opportunities for communities of color to build wealth, but also addressing barriers and practices that strip wealth from the communities we serve.



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

www.assetbuildingpolicynetwork.org

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ABPN
ASSET BUILDING POLICY NETWORK