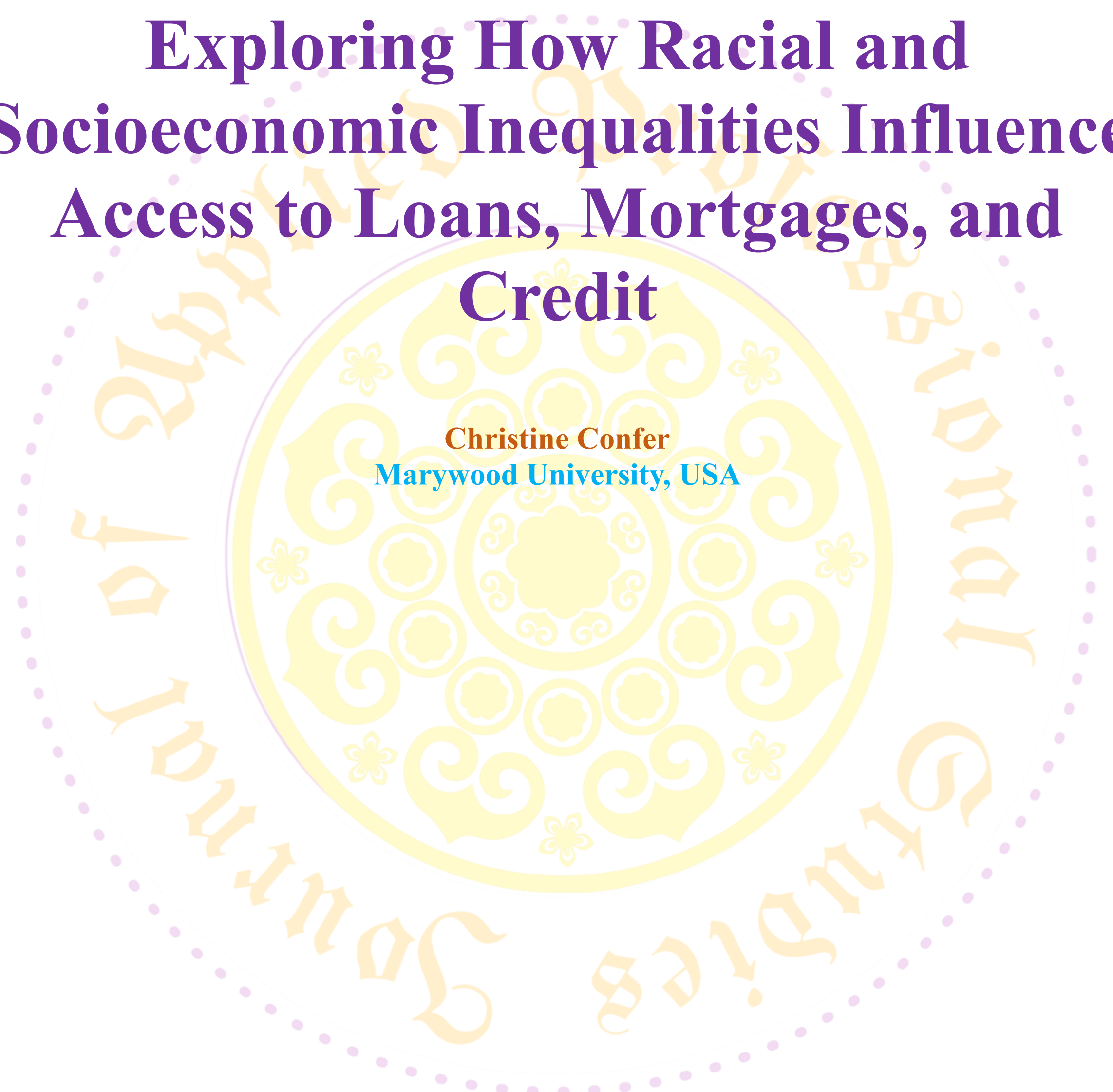

Exploring How Racial and Socioeconomic Inequalities Influence Access to Loans, Mortgages, and Credit

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INTRODUCTION

The banking system is one of the world's oldest, largest, and most important industries, vital to the U.S. and world economies (Sylla, 2012). In modern society, the Banking and Financial Institutions sector fosters economic growth by providing crucial financial services such as loans, mortgages, and credit (How the Banking Sector Impacts Our Economy, 2023). The federal government, and sometimes state governments, regulate banks in the United States to prevent institutions from taking on too much risk and jeopardizing the economy (How the Banking Sector Impacts Our Economy, 2023). The primary function of the banking system is to safeguard depositor's assets and make loans to individuals and businesses (How the Banking Sector Impacts Our Economy 2023).

However, banking and financial institutions contain racial disparities (Business, 2021). People of color are less likely to be promoted to the highest management or senior and executive leadership levels at some of the nation's most powerful consumer banks than their white peers (Business, 2021). In the United States, access to capital for people and business owners is uneven based on race (Broady et al., 2021). The racial wealth gap remains significant (Broady et al., 2021). Reports document severe differences in access to credit for black and African Americans (Broady et al., 2021). Interest rates on business loans, bank branch concentration, local banking focus in the residential mortgage market, and local business growth are noticeably different in majority-black neighborhoods (Broady et al., 2021). Why have racial and socioeconomic inequalities emerged, and what gives them momentum to increase and continue despite worldwide efforts to curb them? This article examines how racial and socioeconomic disparities influence access to loans, mortgages, and credit and explores innovative approaches to fighting inequalities in the banking and financial sector.

HISTORY OF THE BANKING SYSTEM

Among the oldest business in American History, the banking system in the United States dates back to the late 1780s, when founding Father Andrew Hamilton wrote a letter to Robert Morris, Congress' superintendent of finance, advocating for a bank to be established in America (Sylla, 2012). Previously, there were no modern banks in colonial America (Sylla, 2012). Colonial Americans would provide credit to each other or rely on credit from merchants and banks in Great Britain (Sylla, 2012). During this time, money was comprised of foreign coins and paper money supplied by the of each colony (Sylla, 2012).

A few months after Hamilton's letter, Morris convinced Congress to grant the new nation's first bank, the Bank of North America, in Philadelphia (Sylla, 2012). Three years later, merchants in Boston founded the Massachusetts Bank (Sylla, 2012). Not long after, Hamilton became the

founder of the Bank of New York (Sylla, 2012). When George Washington became the first president of the United States under the Constitution in 1789, the three banks were local establishments and not part of a banking system in which banks often received and paid out one another's liabilities (Sylla, 2012).
Once selected to be the first secretary of the treasury, Hamilton moved quickly, often controversially, to provide the United States with a modern financial system, implementing the federal revenue system (Sylla, 2012). Hamilton utilized the proceeds from the federal revenue system to restructure and fund the national debt into Treasury securities, paying interest quarterly. Under Hamilton's leadership, the U.S. dollar was defined as gold and silver coins (Sylla, 2012). Hamilton also founded a national bank, the Bank of the United States, a large corporation of which the federal government owned 20 percent of its shares and encompassed the power to open branch banks in U.S. cities (Sylla, 2012). Hamilton's policies encouraged others to fill out the other major components of a modern American financial system (Sylla, 2012). While a distinctly modern U.S. financial system did not exist in the 1780s, by the mid-1790s, an economic system was firmly in place. The U.S. financial system quickly increased to serve, even foster, the swift growth of the U.S. economy (Sylla, 2012). The banking system was a key component of the economy (Sylla, 2012).

An examination of the history of African Americans in the United States reveals that upon their arrival in Jamestown, Virginia, in 1619, they brought with them a wealth of experience in financial ventures (Ammons, 1996). The early West African kingdoms, such as Ghana, Mali, and Songhai, served as a foundation for leaders to control key trade routes (Ammons, 1996). Many Africans who eventually found themselves subjected to the inhumane institution of slavery in the Americas were originally taken from the thriving commercial environments along the coastal areas of West Africa (Ammons, 1996).

Prior to the arrival of Europeans in the 14th century, the West African coast was home to Africans of diverse professions, including engineers, doctors, lawyers, and businesspeople (Ammons, 1996). The transatlantic slave trade between the 14th and 18th centuries disrupted this rich commercial environment but did not extinguish the Africans' inclination for business and trade (Ammons, 1996). Despite the challenges, Africans in America found opportunities to continue practicing trade and commerce (Ammons, 1996).

The institution of slavery not only restricted the business opportunities for enslaved individuals but also imposed limitations on free Blacks throughout the United States (Ammons, 1996). Free Blacks were subjected to the same stringent slave laws that governed the lives of enslaved people (Ammons, 1996). Throughout the slavery era in the United States, spanning from 1600 to 1865, a person's skin color played a crucial role in determining their opportunities to engage in any business activities (Ammons, 1996).

African Americans established their own banks and insurance companies in response to discriminatory practices and the need to serve their communities (Weinstein, 2023). While the history of America's earliest African-American banks is not widely known, they served as a vital source of credit while offering other benefits to the customers and communities aided (Let Us Put Our Money Together: The Founding of America's First Black Banks, 2020). Black-owned and black-customer service-oriented banks and insurance companies were formed out of excluding

African Americans from these systems. They provided a source of credit, economic development, jobs, and training opportunities for their communities. (Weinstein, 2023).

Many years before the Civil War, there were conversations about creating black-owned banks in the United States (Let Us Put Our Money Together: The Founding of America's First Black Banks, 2020). The institutions served as catalysts for economic opportunity and stood as powerful symbols in the fight for racial equality (Let Us Put Our Money Together: The Founding of America's First Black Banks, 2020). However, due to the environment at the time, the early visions could not be realized (Let Us Put Our Money Together: The Founding of America's First Black Banks, 2020). Despite the freedom brought by the War, access to the nation's recognized financial system was not forthcoming. Still, the needed credit to establish a business or help a family had to be sought through nontraditional networks, such as affluent people willing to lend or cooperative initiatives (Let Us Put Our Money Together: The Founding of America's First Black Banks, 2020). Often, these efforts only achieved limited success (Let Us Put Our Money Together: The Founding of America's First Black Banks, 2020).

Under the control of established financiers, the government launched a bank known as Freedman's Bank to serve formerly enslaved people (Let Us Put Our Money Together: The Founding of America's First Black Banks, 2020). However, the conspiracies of the powerful individuals used the bank's resources for their purposes and destroyed the life savings of thousands of depositors (Let Us Put Our Money Together: The Founding of America's First Black Banks, 2020). Eventually, in late 1800, the dream of the early vision was realized, and the nation's first black bankers began serving as important sources of credit while providing training and jobs (Let Us Put Our Money Together: The Founding of America's First Black Banks, 2020). The banks were among the most innovative and resilient of the time (Let Us Put Our Money Together: The Founding of America's First Black Banks, 2020). The banks were truly community banks that offered benefits advocated by the historic Maggie Lena Walker, who became famous as the nation's first female minority banker (Let Us Put Our Money Together: The Founding of America's First Black Banks, 2020).

By 1976, there were more than 50 Black-owned banks across the United States (The history and importance of Black-owned banks – National Black Bank Foundation, 2023). The numbers declined during the savings and loan crisis 1980s and again during the Great Recession, which squeezed Black households' wealth through unprecedented foreclosures and home equity losses (The history and importance of Black-owned banks – National Black Bank Foundation, 2023). Since 2008, Black-owned banks have fallen by 49 percent (The History and significance of Black-owned banks – National Black Bank Foundation, 2023). Today, there are just 18 vital community anchors (The history and importance of Black-owned banks – National Black Bank Foundation, 2023).

RACIAL AND SOCIOECONOMIC INEQUALITIES IN BANKING

During the Great Depression, the United States implemented various initiatives through the New Deal to aid families facing economic hardships and enhance opportunities for upward mobility (Solomon et al., 2019). These measures contained reinforced labor standards for wages and working conditions and heightened safeguards for collective bargaining (Solomon et al., 2019).

The New Deal was pivotal in facilitating employment for numerous families, raising their incomes, and ensuring access to employment benefits (Solomon et. al., 2019).
However, despite the positive effects experienced by many, a glaring disparity surfaced in the allocation of benefits (Solomon et al., 2019). Most of these advantages were specifically designated for white workers, concurrently imposing limitations and exclusions on people of color (Solomon et al., 2019). These intentional actions solidified and sanctioned racial inequalities in economic well-being (Solomon et al., 2019). The lasting consequences of these decisions persist, echoing through time and highlighting an enduring legacy of disparities that remains prevalent in contemporary society (Solomon et al., 2019).

The Fair Labor Standards Act of 1938 (FLSA) is a cornerstone of the New Deal, accompanied by transformative labor regulations, including the establishment of a 40-hour workweek, the prohibition of child labor, and the introduction of federal minimum wage and overtime requirements (Solomon et., al., 2019). While this legislation markedly improved working conditions and wages for numerous white workers, its impact on African-American workers was significantly limited (Solomon et al., 2019). The FLSA excluded many domestic, agricultural, and service occupations, disproportionately affecting workers of color (Solomon et al., 2019).

The exclusionary policy trapped African-American families in cycles of poverty and tacitly sanctioned the ongoing exploitation of workers from minority communities (Solomon et al., 2019). Although lawmakers later made amendments to the FLSA to include some of these previously excluded occupations, agricultural and domestic workers, a significant number of whom are now Latinx or Asian American, remain among the least protected employees in the United States (Solomon et., al., 2019). Many agricultural workers still lack access to overtime and minimum wage protections, perpetuating a current vulnerability. For instance, the legal employment of children as young as 12 in agricultural fields exemplifies the gaps in protection (Solomon et al., 2019). Occupations with a disproportionate representation of people of color, such as live-in domestic service workers, babysitters, and companions for the elderly, continue to be excluded from various FLSA protections, compounding the disparities faced by these communities (Solomon et al., 2019).

The racial wealth inequality, particularly between black Americans and white Americans, continues to be immense (Baker & Addo, 2023). In 2019, the average wealth for white households was $188,200 compared to $24,100 and $36,100 for Black and Hispanic households (Baker & Addo, 2023). The history of slavery was instrumental in the denial of wealth in America. While black Americans were brought to the United States as capital and denied the opportunity to generate income to create wealth, capital was produced that enabled white Americans to develop wealth over generations (Baker & Addo, 2023).

The primary value of wealth for economic security and general well-being is important. The large disparities in wealth by race are concerning to the economic health of families and the U.S. economy (Harris & Wertz, 2022). The racial gaps in financial security in the United States are stark and have been exacerbated by policies and practices that prevent wealth-building by some groups and have been shown to negatively impact economic security for all (Harris & Wertz, 2022). According to a report by Bhutta et al. (2020), there are significant differences in access to credit for African Americans, such as interest rates on business loans, bank branch compactness, local

baking awareness in the residential mortgage market, and the growth of local businesses that are marked different in majority black neighborhoods (Broady et, al. 2021).

While today, banking customers can access their accounts and perform many baking transactions via the internet, for communities with minimum or no financial resources, internet access, or transportation needed to bridge the physical and digital distance, having access to brick-and-mortar bank branches is crucial, especially for low income and inner-city areas (Hegerty, 2016). Banking and credit discards in underserved urban and rural communities have been caused by racial discrimination and various types of market failures (Broady et al., 2021). A study by Ergundor (2010) found a positive correlation between bank branch locations in low-income neighborhoods and mortgage loan originations. The beneficial effect of bank branch location increases as the branch location gets closer to the community (Broady et al. 2021). In the small business lending market, relationships are associated with greater availability of credit (Broady et al. 2021).

Minority depository institutions (MDIs) are defined by the FDIC as federally insured depository institutions that either consist of 51% or more of the voting stock ownership by minority individuals or entail a majority of the board of directors to be minorities and serve a predominantly minority community (Broady et al. 2021). U.S. Citizenship or permanent legal U.S. residency is required by ownership to be counted in determining the minority ownership (Broady et al. 2021).

As of December 31, 2020, there were 142 Minority Depository Institutions in 29 states, including Guam and Puerto Rico, with combined assets of $287 billion (Broady et al. 2021). For perspective, the Teachers Insurances and Annuity Association of America (TIAA), one of the insurance groups in the United States, currently holds the greatest possible rating from three of the four top insurance company ratings agencies for steadiness, claims-paying ability, and overall financial power had $280 billion in total general account wealth in the first quarter of 2021(Broady et, al. 2021). Of the 142 MDIs, only 18 Black or African-American-owned banks had combined assets of $4.58 billion (Broady et al. 2021). The continuing decline in MDIs is concerning (Broady et al., 2021).

In 2019, most U.S. adults had bank accounts and depended on traditional banks or credit unions to fulfill banking needs (FDIC: Minority Depository Institutions Program, 2023). However, gaps in banking access continued (Broady et al. 2021). An FDIC survey published in late 2020 revealed that 5.4% of all U.S. households (7.1 million households) are “unbanked” (Racial Equity in Banking Starts with Busting the Myths, 2021). Unbanked refers to people or households who do not have a checking or savings account (Racial Equity in Banking Starts with Busting the Myths, 2021). In the past year, an additional 17.4% (22.9 million households) remained “underbanked (Racial Equity in Banking Starts with Busting the Myths, 2021). Underbanked refers to people or households with bank accounts but depend on non-bank AFS services to meet expenses (Racial Equity in Banking Starts with Busting the Myths, 2021).

The number of people with no accounts were higher among lower-income households, less educated households, black households, Latino or Hispanic households, Native American or Alaska Native households, working-age disabled households, and households with unpredictable incomes, the rates were higher (FDIC: Minority Depository Institutions Program, 2023)). People within these communities often turn to alternative financial institutions, but non-bank services have high transaction costs (Racial Equity in Banking Starts with Busting the Myths, 2021).

One of the most concerning inequalities among many black and Latinx consumers in the U.S. is the lack of availability of necessary financial products and services (Racial Equity in Banking Starts with Busting the Myths, 2021). While Black and Latinx households make up 32% of the U.S. population, they represent 64% of the country's unbanked and 47% of the underbanked households (Racial Equity in Banking Starts with Busting the Myths, 2021).

A bank account may be viewed as a simple convenience; however, for many in the Black and Latinx communities, check cashiers and payday lenders are more familiar than bank branches and more likely to be open after hours (Racial Equity in Banking Starts with Busting the Myths, 2021). According to reports in 2018, forty percent of adults were without checking, savings, or money market accounts (Broady et al., 2021). These adults used money orders, check cashing services, pawn shop loans, auto title loans, payday loans, or advances in paychecks or tax refunds as alternative financial services (Broady et al. 2021).

Examining financial services in the U.S. reveals that being poor is expensive (Racial Equity in Banking Starts with Busting the Myths, 2021). There is a high cost for dependence on alternative financial services such as check cashers, cash transactions, prepaid cards, money orders, payday lending, pawn shop loans, and title loans to receive income, make purchases, and pay bills (Racial Equity in Banking Starts with Busting the Myths, 2021). Alternative financial services lenders charge outrageous interest and fees greater than those charged by banks (Racial Equity in Banking Starts with Busting the Myths, 2021).

Compounding the issues, people who take out payday loans are often unable to resolve them in the next earnings cycle, which results in the principal being rolled into a new loan (Racial Equity in Banking Starts with Busting the Myths, 2021). Unresolved payday loans lead to annualized interest rates on loans that can be as high as 300% to 600% APR (Racial Equity in Banking Starts with Busting the Myths, 2021). However, people agree to the costs because immediate cash is needed. Often, people must choose between accepting highly disadvantageous terms or the ability to pay for groceries or medical care (Racial Equity in Banking Starts with Busting the Myths, 2021).

Black adults faced more difficulties in collecting savings due to the higher rates among the unbanked and underbanked in 2019. (Broady et al., 2021). Data from a 2020 survey showed that minorities, millennials, and Northeasterners reported were charged increased bank fees (Broady et al., 2021). According to the data, the average bank or credit union checking account holder paid $8 monthly fees, such as routine service charges, ATM fees, and overdraft penalties (Broady et al., 2021). White checking account holders report paying the lowest monthly bank fees at $5, while black account holders paid $12, and Latino or Hispanic account holders were charged $16. (Broady et al., 2021).

Communities being unbanked or underbanked are forcing longer-term costs on individuals, families, and communities (Racial Equity in Banking Starts with Busting the Myths, 2021). Depending on alternative financial services means there are missed opportunities to access credit presented by mainstream financial services (Racial Equity in Banking Starts with Busting the Myths, 2021). An important benefit of the services is the transaction data generated, which makes it easier to secure affordable terms (Racial Equity in Banking Starts with Busting the Myths,

2021). Additionally, consumers with strong payment histories on rent, utilities, and health bank account activity may use the data to supplement their credit scores when credit agencies and lenders make financing decisions (Racial Equity in Banking Starts with Busting the Myths, 2021). With access to affordable credit, families can better navigate immediate storms and take advantage of short-term liquidity and a gateway to wealth-building investments that provide long-term financial stability (Racial Equity in Banking Starts with Busting the Myths, 2021). For economic security to be achieved and the ability to break from the pull of cyclical poverty, there needs to be an ability to invest in assets that increase or facilitate wealth, like homes, education, and businesses. (Racial Equity in Banking Starts with Busting the Myths, 2021). Creditworthiness is critical to access opportunities (Racial Equity in Banking Starts with Busting the Myths, 2021).

Black consumers are 73 percent more likely to lack a credit score than white consumers (Noel et al., 2019). Black consumers face discrimination in credit access based on where they live, referred to as "credit redlining" (Noel et al., 2019). A study conducted on more than 285,000 people by the Federal Reserve Board reveals that consumers living in neighborhoods where white residents are the majority were more likely to get credit cards than consumers living in communities where black residents are the majority (Noel et al., 2019). These factors result in a credit denial rate on loans that is twice the rate of those for white consumers (Noel et al., 2019).

Black families are left with less diversified asset portfolios due to difficulty accessing credit for hard savings and an outsized student loan debt (Noel et al., 2019). Only 7 percent of black Americans are in business equity compared with 16 percent of white families (Noel et al., 2019). Just 40% of black households possess a home, in contrast to the 73% homeownership rate among white families. When black families own their homes, they are less likely to appreciate them (Noel et al., 2019). Researchers contend that racial inequalities contribute to the remaining disparity in the appreciation of homes between black-owned and white-owned properties. (Noel et al., 2019).

Examining the factors that impact the behavior of individuals without access to traditional banking services and those with limited access can aid financial institutions in developing services that more effectively address the needs of these communities. (Racial Equity in Banking Starts with Busting the Myths, 2021). The goal of achieving complete financial inclusion and economic opportunity for Black and Latinx populations is not just a moral obligation— but also important to achieve greater participation of these communities in banking to create greater monetary value for financial institutions and consumers (Racial Equity in Banking Starts with Busting the Myths, 2021).

ECONOMIC IMPACT OF RACIAL AND SOCIAL EQUALITY

Systemic racism is a global crisis (Losavio, 2020). While a moral argument exists for addressing systemic racism, the broader economic factor is often ignored (Losavio, 2020). Since systemic racism prevents people from making the most of their economic potential, it carries significant economic costs (Losavio, 2020). A society without racism can be economically stronger (Losavio, 2020). The disparity in wealth between white Americans and Black Americans is estimated to result in a loss of between 1 trillion and 1.5 trillion in consumption and investment for the US economy from 2019 to 2028. (Losavio, 2020). The translation to a projected GPA penalty is 4 to 6 percent in 2028 (Losavio, 2020).

System racism also creates global social and economic effects (Losavio, 2020). A poll of Australians taken in the wake of the George Floyd protest shows that 78 percent of participants believe that the US authorities have been unwilling to address racism (Losavio, 2020). Only 30 percent believed that there was institutional racism in the Australian police forces. The view conflicts with both the lived experience of indigenous Australians in practice and with the 44.9 billion the Alfred Deakin Institute believes racism cost Australia between 2001 and 2011 (Losavio, 2020).

In China, various racist incidents against African immigrants jeopardize the profitable Sino-African investment relationship (Losavio, 2020). Researcher at Human Rights Watch contends that Chinese leaders assert zero tolerance for discrimination, but their actions toward Africans in Guangzhou are discriminatory (Losavio, 2020). It is essential to address racism because ending racism will help economic development globally (Losavio, 2020). Addressing racism is a debt owed to citizens (Losavio, 2020). The commitment to respecting human rights and racial equality should not be a passive statement of values but a call to action backed by active measures to acknowledge, understand, measure, and eliminate systemic racism (Losavio, 2020).

APPROACHES TO FIGHTING INEQUALITIES

Significant disparities exist in access to credit between African and black Americans, as highlighted by Broady et al.in 2021. According to their findings, most Black neighborhoods experience noteworthy differences in interest rates on business loans, bank branch density, and the growth of local businesses. Broady et al. (2021) propose various policy approaches to address these discrepancies, such as implementing a more detailed banking supervision strategy.

The study emphasized the contrast between 2021 microgeographic data and the circumstances in 1977 when the Community Reinvestment Act was enacted (Broady et al. 2021). The Community Reinvestment Act of 1977 encourages the Federal Reserve and other federal banking regulators to actively encourage financial institutions to address the credit requirements of their communities, with a special focus on low and moderate-income neighborhoods.(Board of Governors of the Federal Reserve System, 2018). The insights from the 2021 data offer a closer examination of the banking practices of major banks and non-bank lenders compared to when the Community Reinvestment Act was established.

Secondly, Pike (2023) asserts the urgency for increased policy or private-sector assistance in response to the diminishing presence of African-American minority depository institutions. Pike (2023) emphasizes the crucial role that minority depository institutions and community development financial institutions, such as Black-owned banks, play in ensuring the provision of credit, capital, and financial services to historically underserved or overlooked low- and moderate-income minority communities within the financial services industry. From 2008 to 2018, they witnessed the closure or merger of nearly a third of minority banks, with an even more pronounced impact on black-owned banks (Pike, 2023). Analysts attribute a considerable portion of this decline as a result of the 2008 financial crisis, which had a disproportionate impact on minority communities and the banks serving them.(Pike, 2023). Compared to white-owned banks, minority

banks faced a higher ratio of nonperforming loans, lower core deposits, and elevated expenses (Pike, 2023).

Thirdly, with the overall decline in the mobility of Americans, the significance of geography has become more pronounced, as emphasized by Molloy et al. (2017). A lack of credit impedes investments in improved homes, schools, and local infrastructure such as roads, public transport, amenities, and better healthcare (Molloy et al., 2017).

CONCLUSION

The historical legacy of slavery played a pivotal role in the denial of wealth in America (Baker & Addo, 2023). Although the removal of Africans from prosperous commercial environments in kingdoms like Ghana, Mali, and Songhai through the slave trade from the 14th to the 18th centuries did not diminish their productivity for business and trade (Ammons, 1996), Black individuals in America have encountered systemic financial discrimination, particularly in terms of banking access and fees, even after securing their right to earn capital for their labor. (Broady et al., 2021). Black Americans were brought to the United States as capital and denied the opportunity to generate income to create wealth (Baker & Addo, 2023). Capital was produced that enabled white Americans to develop wealth over generations (Baker & Addo, 2023). More than a century ago, racism and segregation compelled Black individuals to pull their resources for mutual support (Gerena, 2007). Black-owned banks played a crucial role in sustaining the economic well-being of Black communities (Gerena, 2007).

Attaining the American dream hinges on the availability of capital, yet for Black Americans, achieving equitable access to the banking system proves more challenging (Pike, 2023). Systemic financial discrimination and exclusion contribute to this disparity (Pike, 2023). White families in the U.S. have, on average, a higher net worth compared to Black families, resulting in a greater likelihood for African Americans to live in impoverished neighborhoods. (Pike, 2023). These areas often feature underperforming schools, inadequate infrastructure, and restricted access to quality healthcare (Pike, 2023).

The most formidable obstacle facing black banks today is undoubtedly the issue of capital (Pike, 2023). Compared to their mainstream counterparts, black-owned banks often need more assets and have a distinct lack of presence on public trading platforms (Pike, 2023). This absence from public markets severely constrains their access to vital sources of funding (Pike, 2023).

Compounding this challenge is the harsh reality that economic downturns tend to impact people of color disproportionately (Pike, 2023). Consequently, black banks navigate through turbulent financial landscapes, grappling with reduced earnings and heightened economic uncertainty (Pike, 2023). This, in turn, creates a challenging environment for attracting investors willing to inject much-needed capital into these institutions (Pike, 2023).

James Sills, the vice chairman of ICBA’s Minority Bank Advisory Council and the president and CEO of M&F Bank in Durham, N.C.—the second oldest African American-owned bank—appropriately highlights the cascading effects of economic hardships on black banks (Pike, 2023). The earnings challenges that arise during downturns not only strain the financial health of these

banks but also act as a deterrent for potential investors (Pike, 2023). The result is a cycle where the lack of capital perpetuates further financial struggles, creating a formidable barrier to growth and sustainability for black-owned banks. (Pike, 2023).

Black families confront systemic and interconnected barriers that delay their wealth-building endeavors (The Economic Impact of Closing the Racial Wealth Gap, 2019). If left unaddressed, these disparities have the potential to escalate, restraining not only black families but also impacting the broader U.S. economy (The Economic Impact of Closing the Racial Wealth Gap, 2019). The first step toward a solution involves a precise diagnosis, considering the factors contributing to the racial wealth gap. (The Economic Impact of Closing the Racial Wealth Gap, 2019). Identifying specific targets and adopting a comprehensive framework to address the challenge makes it possible to pinpoint initiatives and policies likely to uplift black families (The Economic Impact of Closing the Racial Wealth Gap, 2019). The potential economic gain from these efforts is substantial, with estimates suggesting that the country could benefit over a trillion dollars by closing the racial wealth gap. (The Economic Impact of Closing the Racial Wealth Gap, 2019).

About the Author

Christine Confer is a PhD student in Maywood University's Strategic Leadership and Administrative Studies Program. Ms. Confer holds a Master of Arts in Clinical Counseling from Moravian College and a Master of Social Work from Marywood University. Ms. Confer is employed at St Lukes Hospital. Ms. Confer is also the proud mother of three sons and two dogs.

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