



2021 Edelman Trust Barometer Special Report

Addressing Racism in America's Financial System

Fieldwork: June 11 – June 28, 2021

Margin of error:

- U.S. total margin of error: +/- 2.5% (n=1500)
- Ethnicity-specific data margin of error:
Non-Hispanic White +/- 3.2% (n=941), Black +/- 4.4% (n=505),
Latinx +/- 4.4% (n=502), and Asian +/- 4.3% (n=515)

U.S. Online Survey

- 1,500 general population respondents
- All data is nationally representative based on age, region, gender, ethnicity
- Racial and ethnic segments

White	n=941
Black	n=505
Latinx	n=502
Asian	n=515
- All racial and ethnic segments are nationally representative based on age, income, region and gender

Demographics across communities

White		Black		Latinx		Asian	
Male	49%	Male	47%	Male	49%	Male	47%
Female	50%	Female	52%	Female	49%	Female	53%
18-34	25%	18-34	34%	18-34	39%	18-34	32%
35-54	31%	35-54	34%	35-54	38%	35-54	37%
55+	44%	55+	32%	55+	23%	55+	31%

HISTORICAL CONTEXT

1

**Generations of
economic deprivation**

\$16T

*GDP loss in the
U.S. economy due to
discrimination, since
2000 (Citigroup)*

2

**Barriers to
wealth creation**

26%

*Latinx families least likely to
own retirement accounts
among all Americans
(MagnifyMoney)*

3

**Impact on wealth
transfer**

8x

*The wealth of a typical
White family compared to
Black families (Survey of
Consumer Finances)*

4

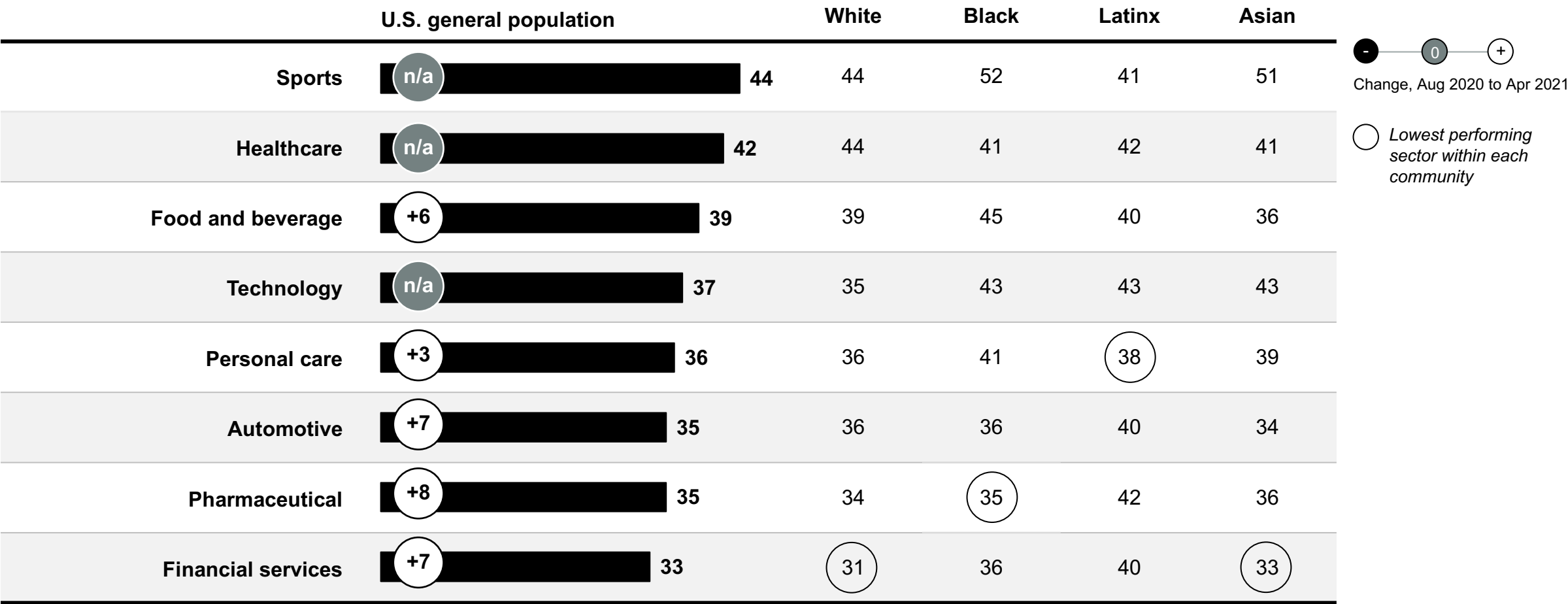
**Resilient
multicultural business**

\$863B

*Asian businesses account
for the most receipts of
multicultural groups
(Census Bureau)*

FINANCIAL SERVICES RANKS LAST IN ADDRESSING RACISM

Percent who say each sector is doing well in addressing racism

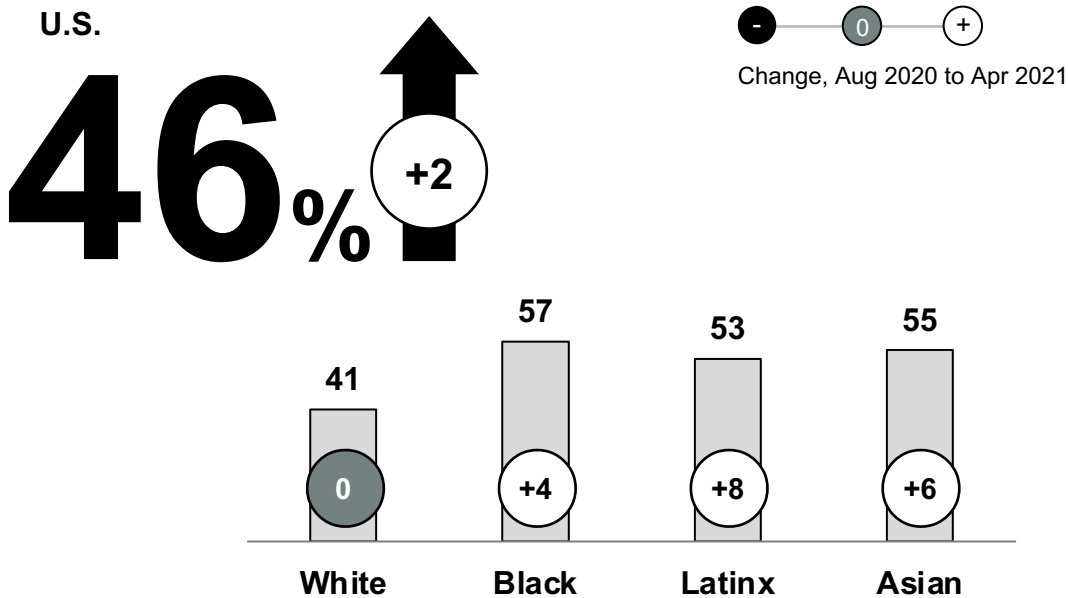


2021 Edelman Trust Barometer Special Report: Business and Racial Justice in America. Q15. How well are each of the following industry sectors currently doing when it comes to addressing the problem of systemic racism and racial inequality in their industry? 6-point scale; top 2 box, doing well. Industries shown to half of the sample. General population, U.S., and among Non-Hispanic White, Black, Latinx, and Asian populations.

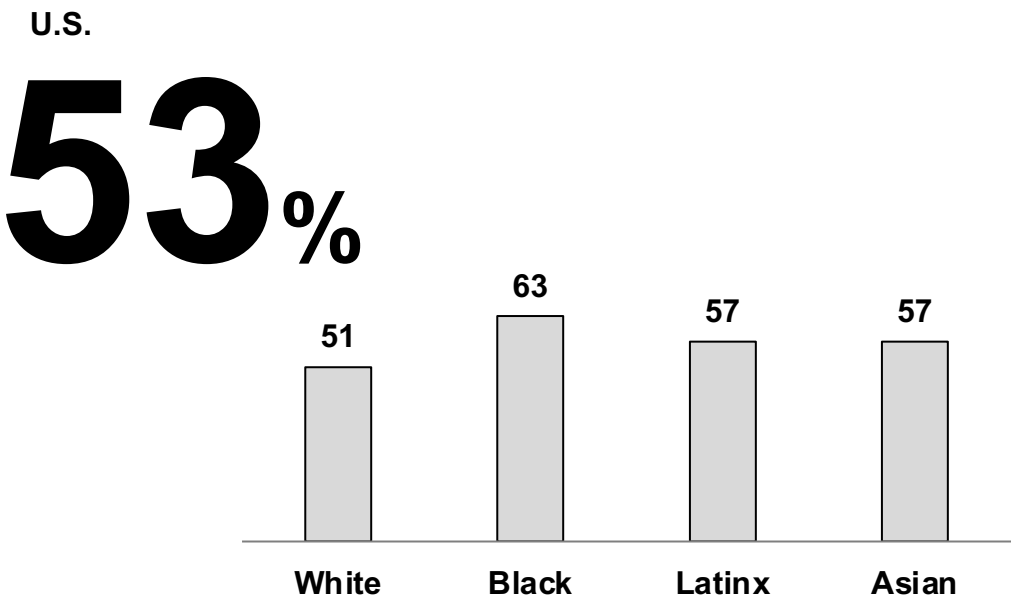
BUSINESS FALLS SHORT ON CONCRETE ACTION AND SYSTEMIC CHANGE

Percent who agree

With few exceptions, the **business community** has done **very little** in the way of **concrete actions** to address systemic racism in our country



Companies that issue a statement in support of racial equality **need to follow it up with concrete action** to avoid being seen by me as exploitative or as opportunists



┐

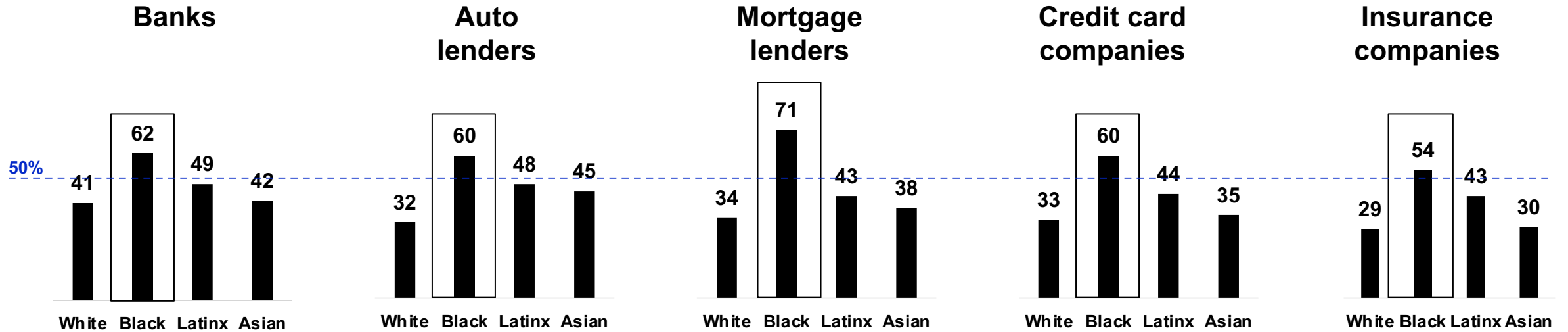
FINANCIAL SERVICES CUSTOMERS REPORT SYSTEMIC INEQUITIES

└

PERCEIVED SYSTEMIC BIAS AND DISCRIMINATION ACROSS SUBSECTORS, PARTICULARLY AMONG BLACK PEOPLE

Percent who agree

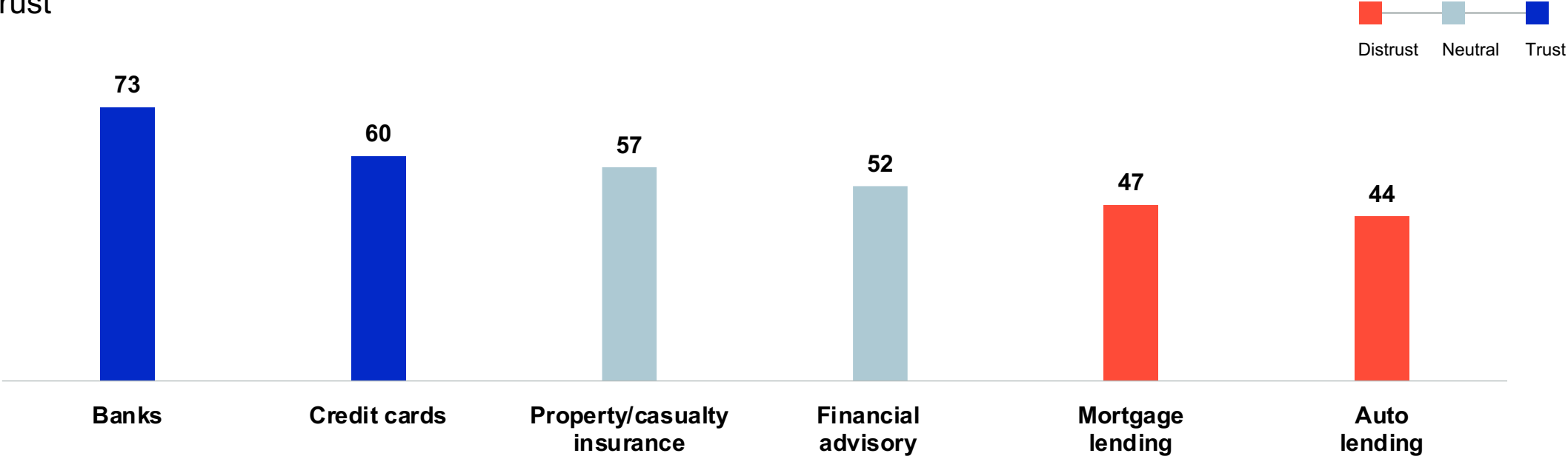
I think there is **systemic bias and discrimination** towards certain groups of people within companies in this industry



2021 Edelman Money in Color Special Report. Q32/34/35/36/37. Now thinking about specific sectors of financial services, how much do you agree or disagree with the following statements about [industry]? 4-point scale; top 2 box, agree. Q32 asked of respondents who have a financial product (Q8/1-23), Q34 asked of respondents who have a mortgage or real estate (Q8/11, 18), Q35 asked of respondents who have a credit card (Q8/1), Q36 asked of respondents who have a life insurance policy (Q8/9), Q37 asked of respondents who have an auto loan (Q8/22) General population, U.S., and among Non-Hispanic White, Black, Latinx and Asian populations.

DIFFERENT TRUST LEVELS ACROSS SUB-SECTORS

Percent trust

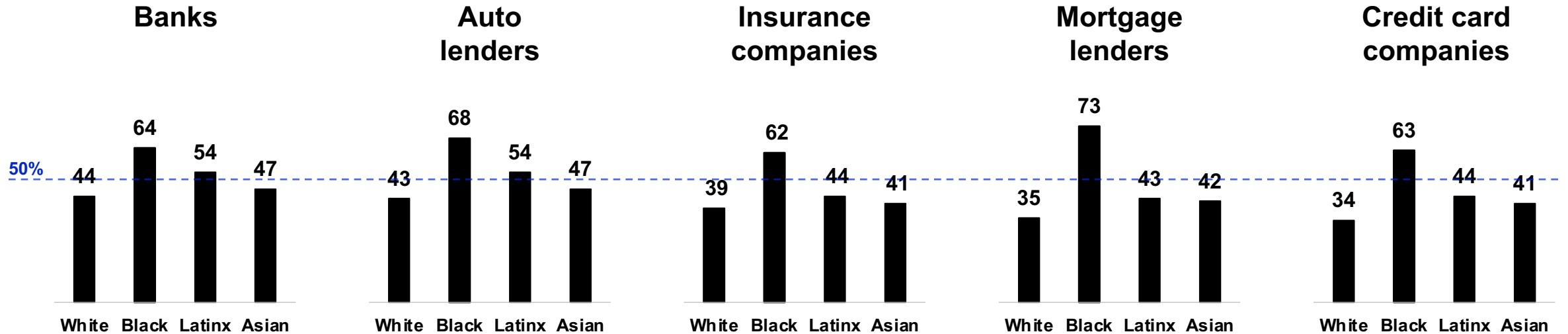


	%	Diff vs gen pop										
White	76	+3	63	+3	62	+5	55	+3	49	+2	46	+2
Black	69	-4	56	-4	50	-7	49	-3	49	+2	43	-1
Latinx	64	-9	55	-5	47	-10	49	-3	40	-7	37	-7
Asian	78	+5	73	+13	61	+4	60	+8	52	+5	45	+1

BLACK AND LATINX COMMUNITIES PERCEIVE PREJUDICE IN CREDIT CRITERIA

Percent who agree

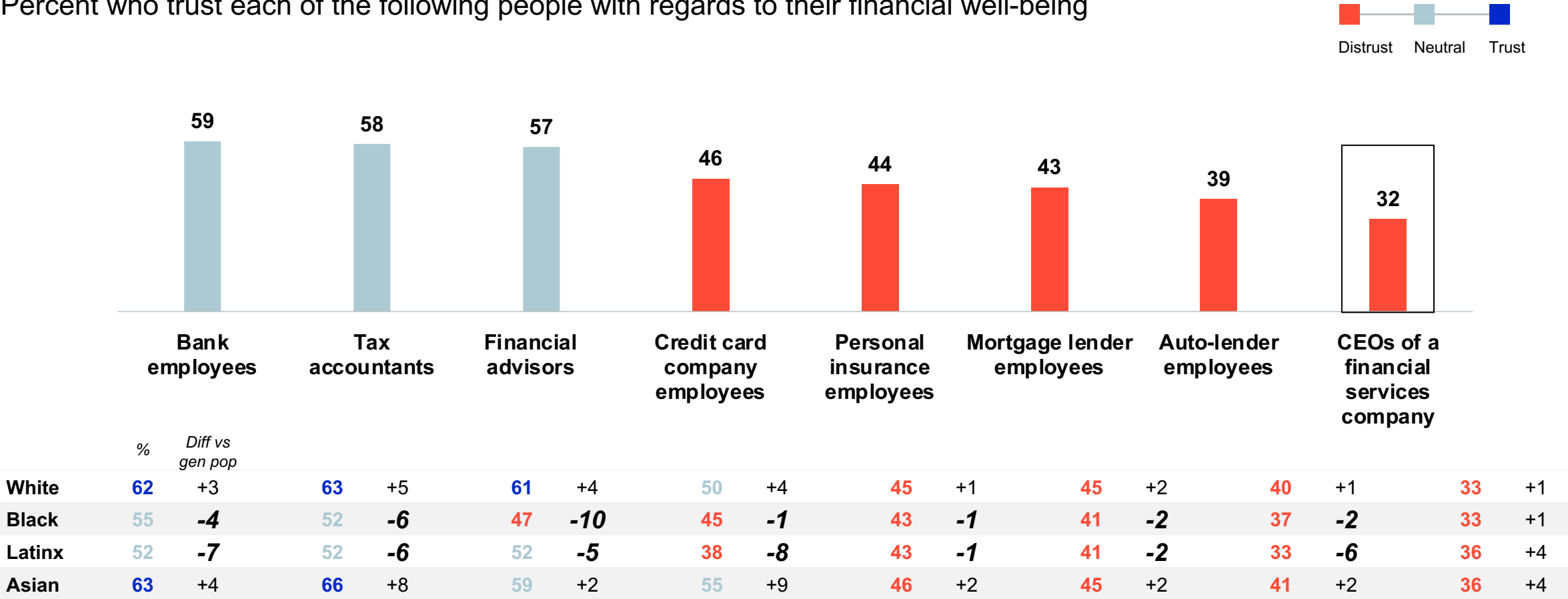
I feel that the **credit criteria** used by companies in this industry to determine eligibility or pricing are **biased or discriminatory**



2021 Edelman Money in Color Special Report. Q32/34/35/36/37. Now thinking about specific sectors of financial services, how much do you agree or disagree with the following statements about [industry]? 4-point scale; top 2 box, agree. Q32 asked of respondents who have a financial product (Q8/1-23), Q34 asked of respondents who have a mortgage or real estate (Q8/11, 18), Q35 asked of respondents who have a credit card (Q8/1), Q36 asked of respondents who have a life insurance policy (Q8/9), Q37 asked of respondents who have an auto loan (Q8/22) General population, U.S., and among Non-Hispanic White, Black, Latinx and Asian populations.

HIGH LEVELS OF DISTRUST FOR FINANCIAL SERVICES PROFESSIONALS

Percent who trust each of the following people with regards to their financial well-being



└

DUAL REALITIES IN THE FINANCIAL SERVICES SECTOR

└

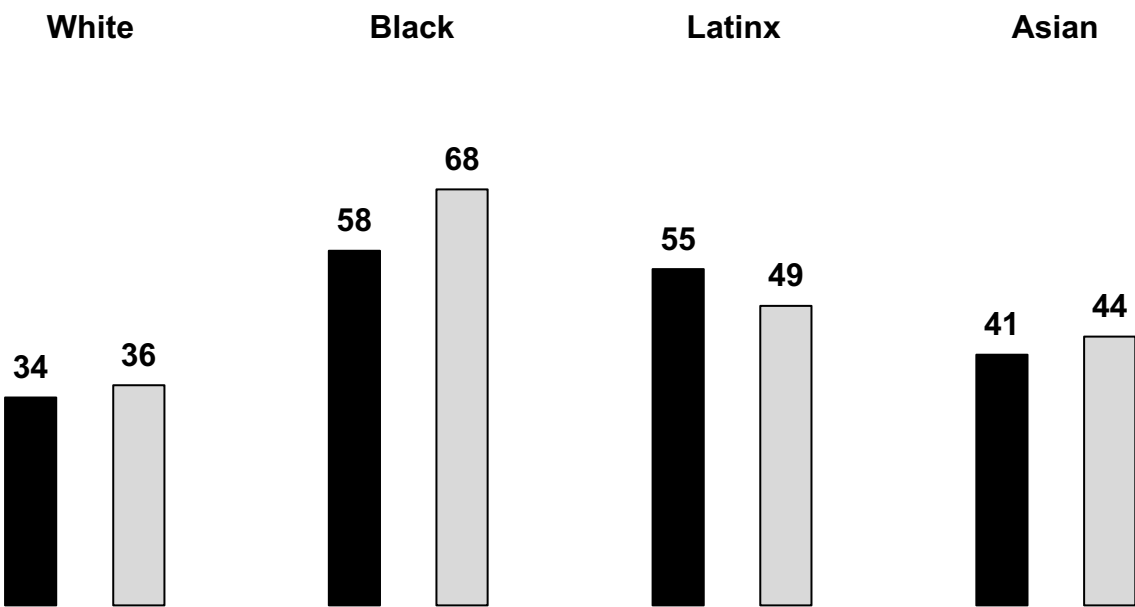
FINANCIAL SERVICES ASSIGNS TWO VERY DIFFERENT CUSTOMER EXPERIENCES

Percent who have had *one or more negative experiences* with financial services companies

■ General population □ High income respondents (100k+)

List of negative experiences include:

- An employee **talked down to me**
- I felt that **no one there cared to get to know me** as a person
- I felt I **needed to change my appearance** to be taken seriously
- I had to supply more **proof of my employment** than was necessary
- I felt ignored** or not seen at a physical location
- No one had a **similar cultural background** to me
- I was given higher rates or fees because of the **color of my skin**



FEELING EXPLOITED AND UNWELCOME

Four categories of negative experiences that high income (\$100k+) respondents perceive, including instances of exploitation, mistrust, condescension, and feeling unseen

Type of Negative Experience	White	Black	Latinx	Asian
Being Exploited I was given higher rates or fees because of the color of my skin	5	26	5	3
Being Mistrusted I had to supply more proof of my employment than I thought was necessary	9	25	17	8
Condescension An employee talked down to me	12	17	22	8
Feeling Unseen I felt that no one there cared to get to know me as a person	11	14	16	18

— **Most likely to perceive**
each type of
negative experience

LATINX CUSTOMERS SHUT OUT OF FINANCIAL SERVICES

Low income (<\$50k) Latinx respondents more likely to be denied service altogether at a financial services company

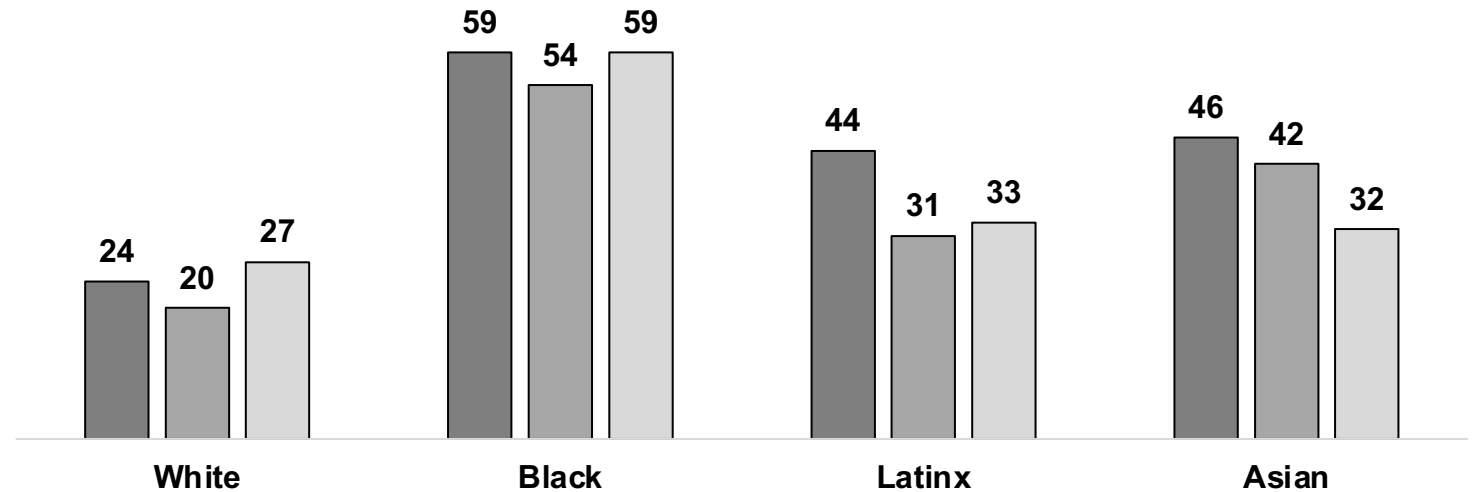
Type of Negative Experience	White	Black	Latinx	Asian
I was denied service altogether at a financial services company	6	13	23	2

RACIAL BIAS WORSENS PERSONAL FINANCIAL OUTCOME FOR BLACK COMMUNITY

Percent who agree/strongly agree

■ Low income respondents (<50k) ■ Middle income respondents (50k-99k) ■ High income respondents (100k+)

My personal finances would be better off if financial services companies treated people in my racial/ethnic community fairly

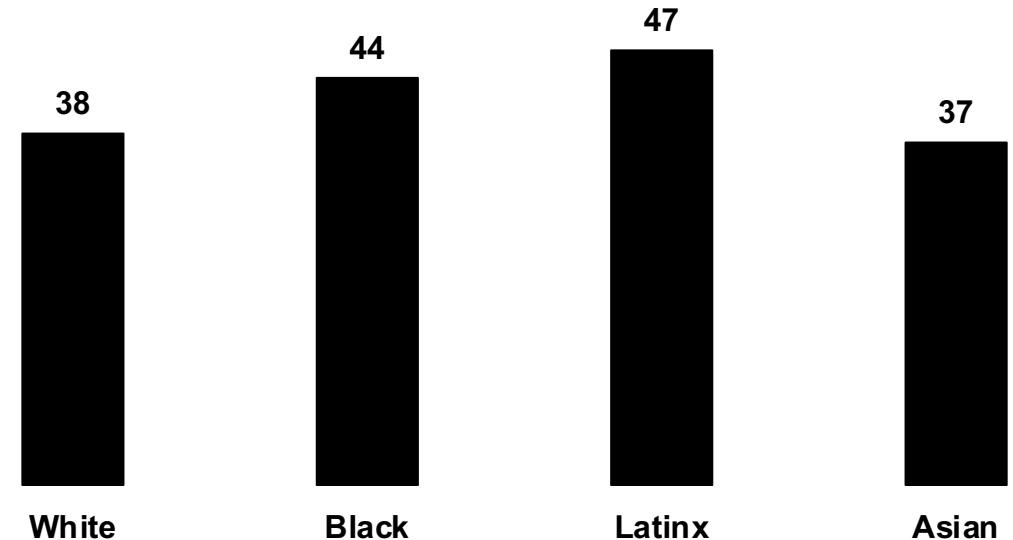


WHEN CUSTOMERS HAVE A NEGATIVE EXPERIENCE, BUSINESS WILL LOSE THEIR TRUST

U.S. general population

43%

Net percent who **lost trust** either in the financial services company or the industry due to a negative experience



WHEN CUSTOMERS HAVE A NEGATIVE EXPERIENCE, BUSINESS HAS A NEGATIVE IMPACT

U.S. general population

54% Net percent who **took their business elsewhere** due to a negative experience

List of actions include:

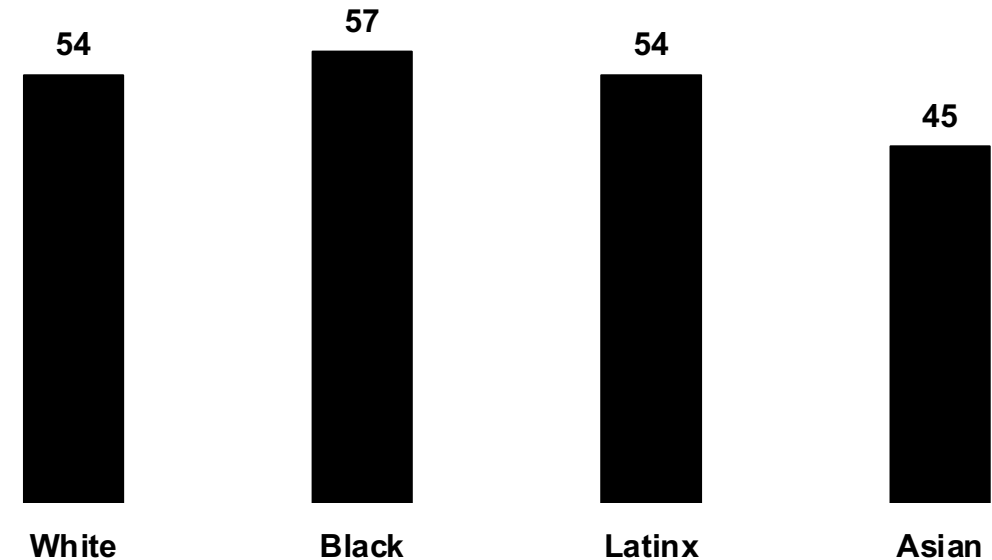
I **switched** financial services companies

I started **using that financial services company less**

I started **saving more of my money at home** to avoid interacting with the financial service company

I started **using non-traditional financial services companies** (payday loans, retail stores)

I started **using alternative investment tools** like cryptocurrency to avoid dealing with financial service companies



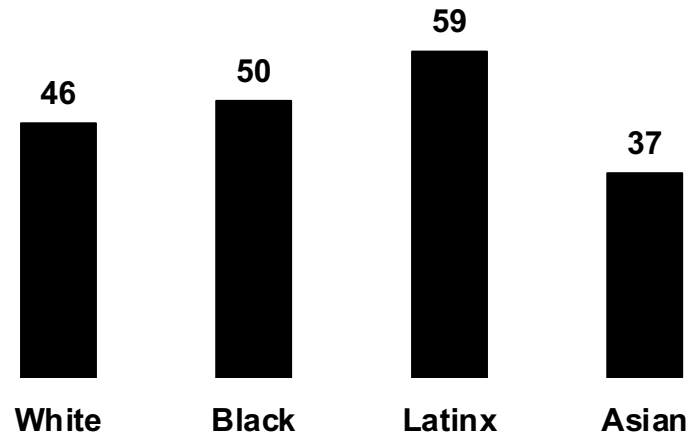
FINANCIAL WORRIES CAUSE EMBARRASSMENT AND STRESS, PARTICULARLY FOR THE LATINX COMMUNITY

Percent who agree

I get embarrassed talking about money because
I do not think my finances are where they should be

U.S. general
population

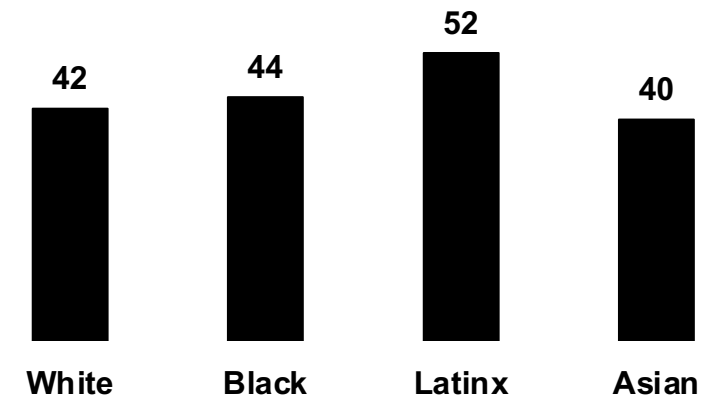
49%



Concerns about money have had a long-term
negative **impact on my mental health**

U.S. general
population

44%



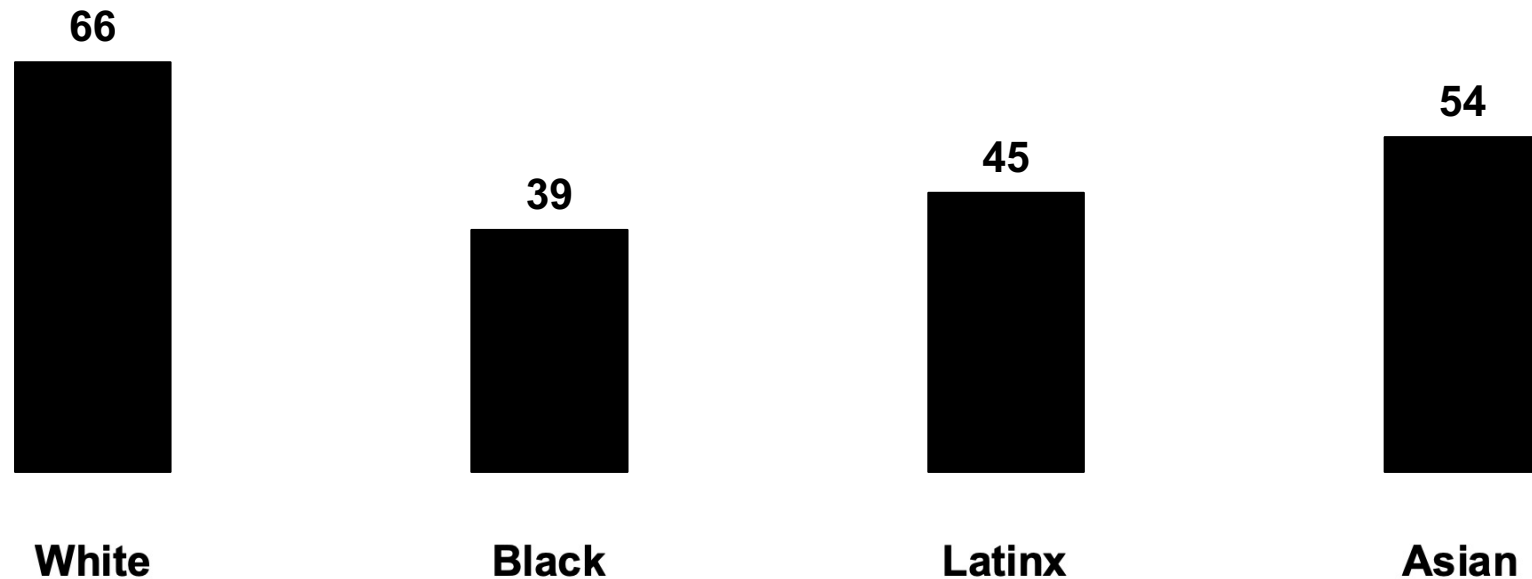
┐

INSTITUTIONALIZED BARRIERS TO ACHIEVING FINANCIAL GOALS

└

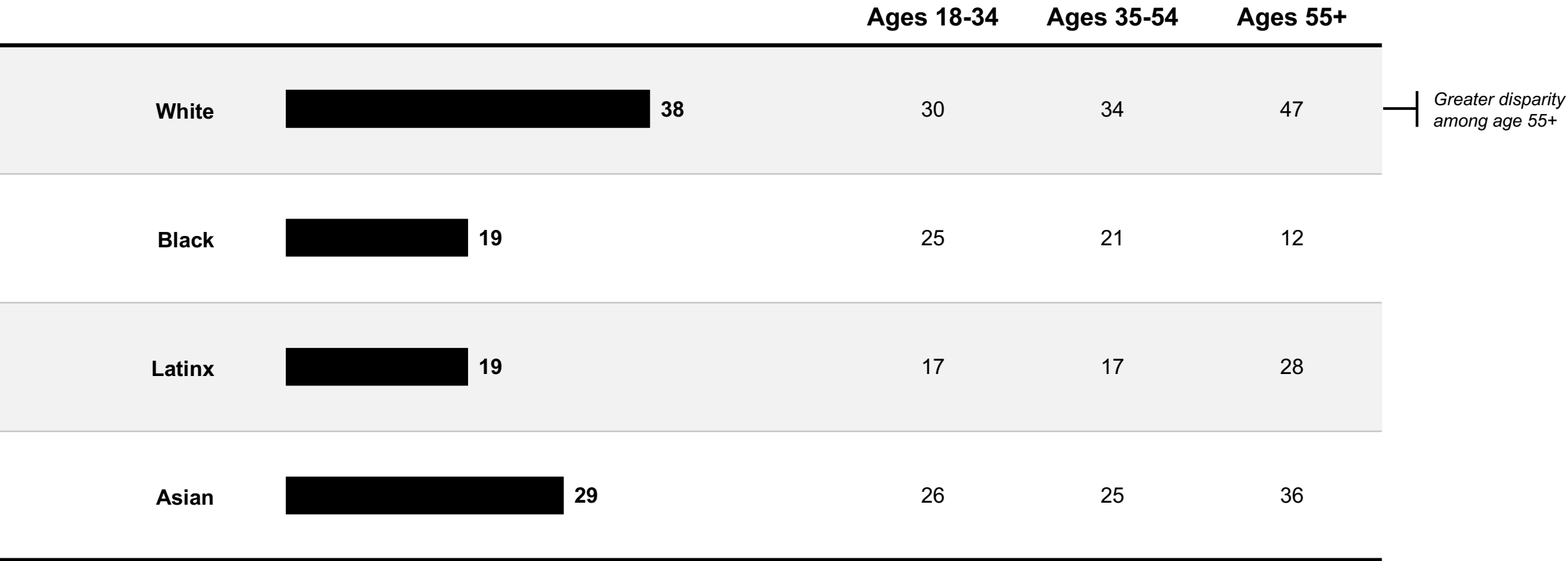
MULTICULTURAL COMMUNITIES UNDER-INDEX ON TRADITIONAL MARKERS OF CREDIT

Percent who have bought a home



MULTICULTURAL COMMUNITIES LESS LIKELY TO RECEIVE AN INHERITANCE

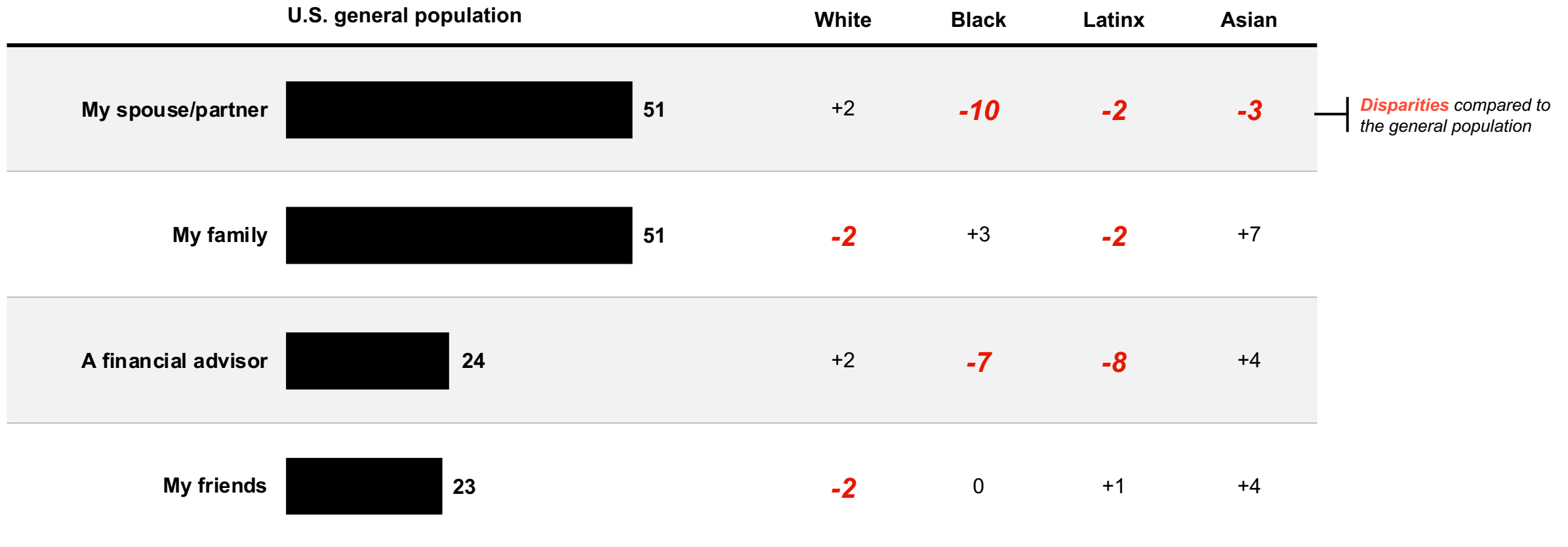
Percent who expect to or have received an inheritance



2021 Edelman Money in Color Special Report. Q17: Have you received a financial inheritance or expect to receive one? General population, U.S., among Non-Hispanic White, Black, Latinx and Asian populations, and by age

BLACK AND LATINX COMMUNITIES LESS LIKELY TO TURN TO PROFESSIONALS FOR ADVICE

Top three people who have the greatest influence on how respondents manage their money



2021 Edelman Money in Color Special Report. Q12. Which of the following people, if any, has the greatest influence on how you currently manage your money? Please rank the top three, with “1” being the person who has the greatest influence. General population, U.S., and among Non-Hispanic White, Black, Latinx and Asian populations.

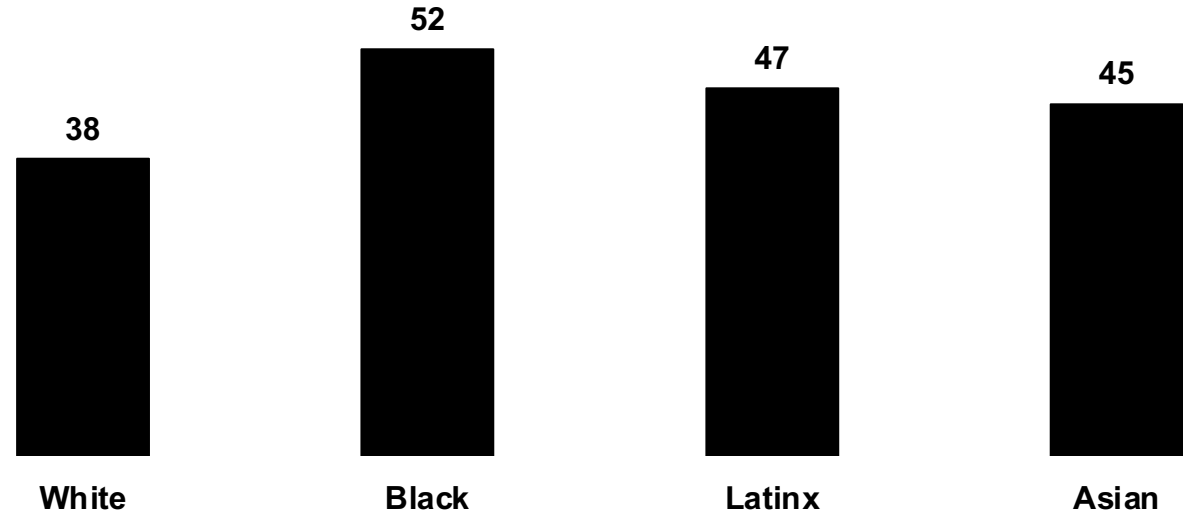
MULTICULTURAL COMMUNITIES CREATE OWN SOURCE OF WEALTH AND CAPITAL

Percent who agree

If anyone in my extended family were to open a small business, the **whole family would pitch in** through either financial support or as an employee

U.S. general population

41%

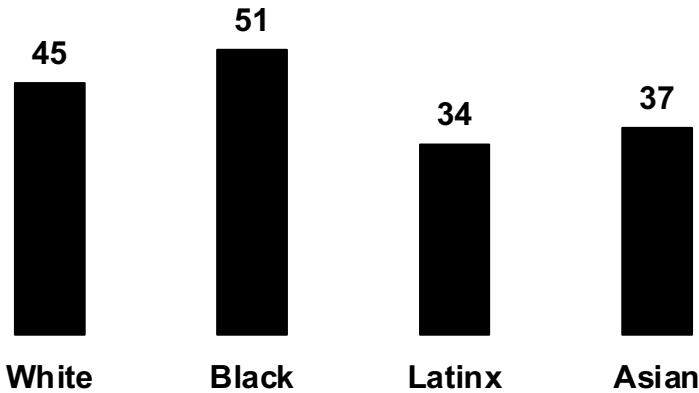


BLACK PEOPLE MORE LIKELY TO HAVE ADDITIONAL SOURCES OF INCOME

Percent who have a side hustle

43%

U.S. general population




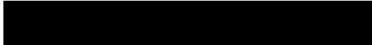

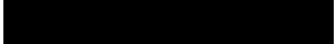


Goals for those who have a side hustle

	White	Black	Latinx	Asian
Give me enough money to save or invest more	54	60	49	63
Allow me to maintain my standard of living	45	52	52	52
Give me enough money to pay off debts	38	47	39	34
Have my side job become my main source of income	25	35	20	25

MANY FINANCIAL GOALS SEEN AS FAR LESS ATTAINABLE FOR BLACK AND LATINX COMMUNITIES

Percent who say each of the following financial goals are attainable, and percentage point difference between each community and the general population

	U.S. general population	White	Black	Latinx	Asian	
Car ownership	 77	+5	-9	-12	-4	Disparities in attainability compared to the general population
Personal insurance	 71	+4	-1	-10	-3	
Creditworthiness	 68	+5	-9	-9	+4	
Financial security	 55	+4	-2	-7	+4	
Comfortable retirement	 51	+3	-1	-8	-1	
Building wealth	 49	+3	+1	-6	+2	

2021 Edelman Money in Color Special Report. Q2. In thinking about your personal finances, how attainable do you think each of the following are for you? 4-point scale; top 2 box, attainable. General population, U.S., and among Non-Hispanic White, Black, Latinx and Asian populations.

└

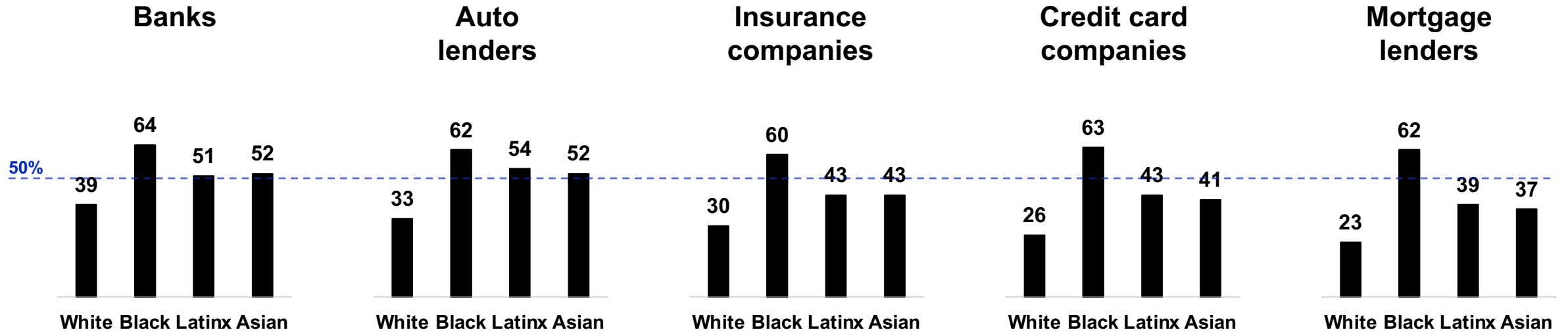
**ELIMINATE INEQUITIES
TO BUILD DIVERSE
CUSTOMER BASE**

└

PRACTICE EQUITABLE AND DIVERSE HIRING AND REPRESENTATION

Percent who agree

I am more likely to work with companies in this industry if I see people who look like me working there



2021 Edelman Money in Color Special Report. Q32/34/35/36/37. Now thinking about specific sectors of financial services, how much do you agree or disagree with the following statements about [industry]? 4-point scale; top 2 box, agree. Q32 asked of respondents who have a financial product (Q8/1-23), Q33 asked of respondents who have a financial advisor (Q8/12), Q35 asked of respondents who have a credit card (Q8/1), Q36 asked of respondents who have a life insurance policy (Q8/9), Q37 asked of respondents who have an auto loan (Q8/22) General population, U.S., and among Non-Hispanic White, Black, Latinx and Asian populations.

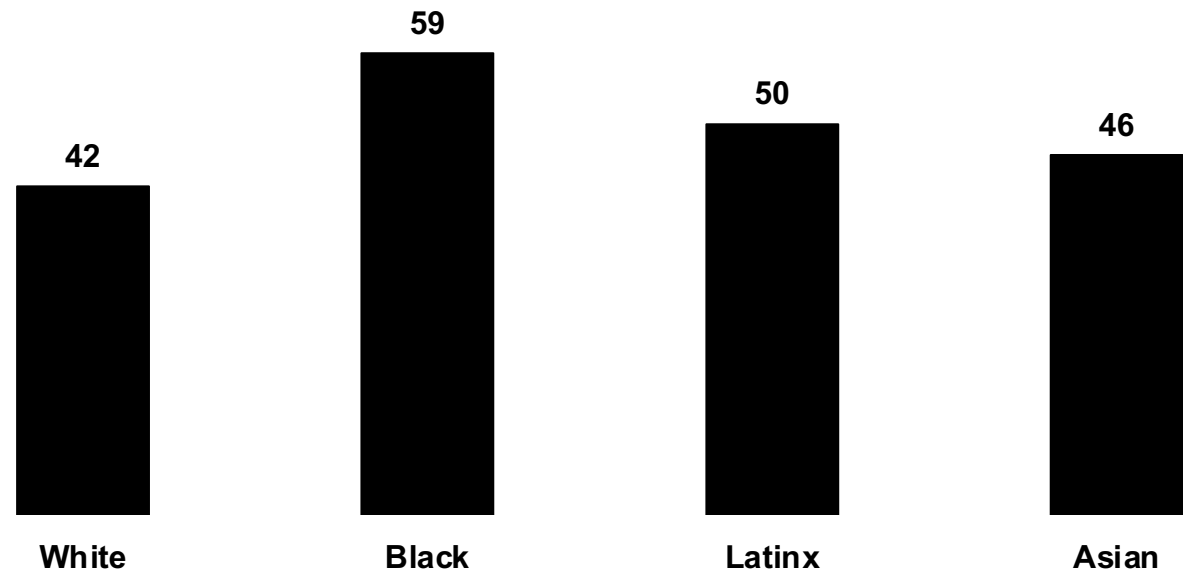
TRAIN EMPLOYEES TO MITIGATE BIAS

Percent who say

It would be helpful to managing my personal finances if financial services companies **trained their employees to mitigate bias**

U.S. general
population

44%



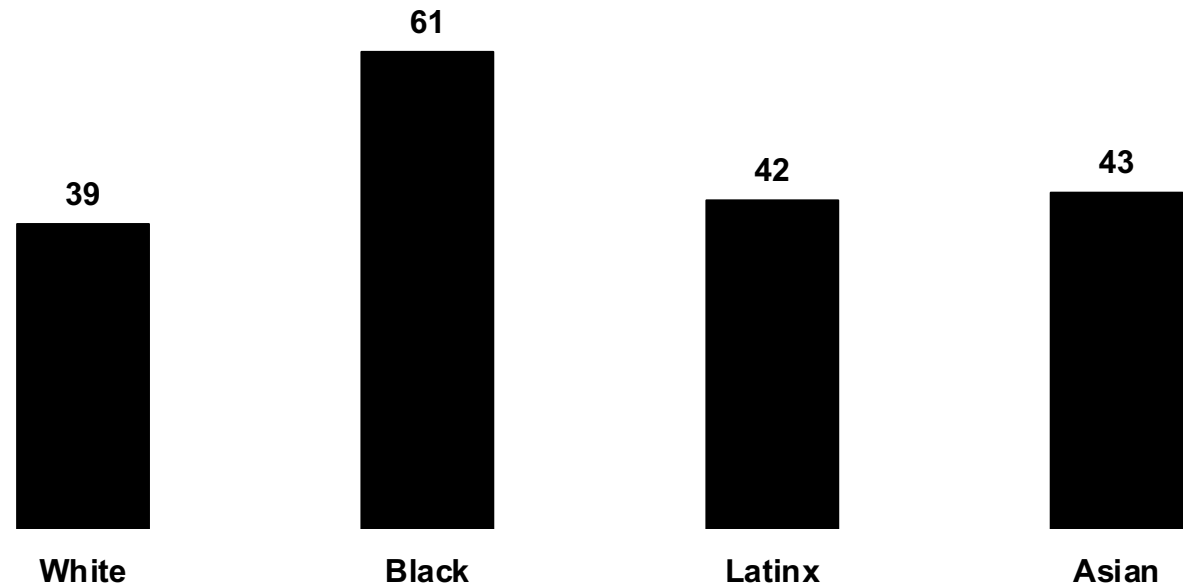
REVIEW CREDIT CRITERIA FOR POTENTIAL BIAS

Percent who said each action from a financial services company would be very/extremely helpful in growing their money

Change credit evaluation practices that make it **difficult for certain groups to obtain loans**

U.S. general population

41%



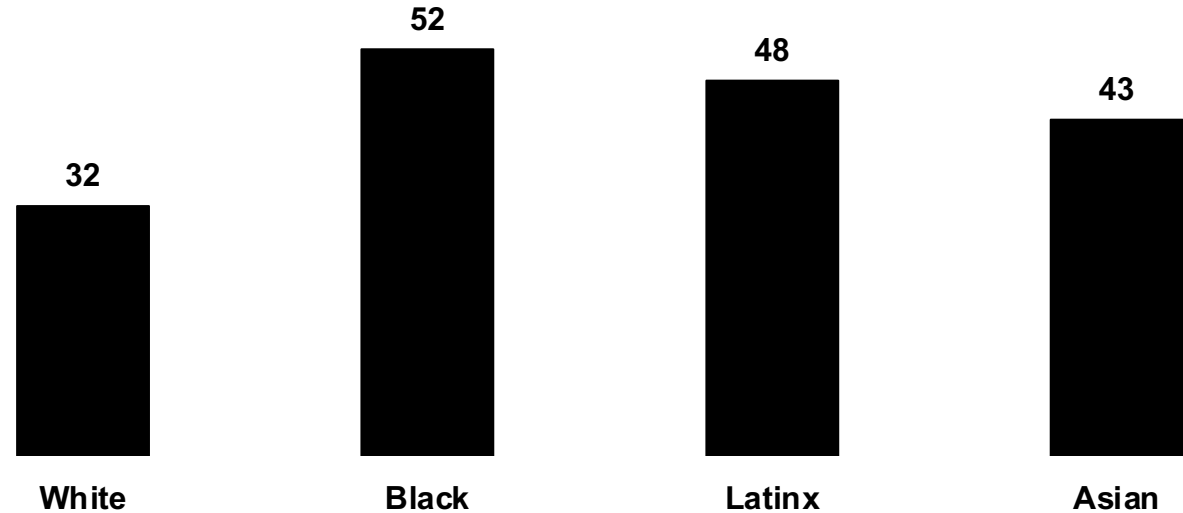
BE PRESENT IN MULTICULTURAL COMMUNITIES

Percent who say this is very/critically important when it comes to choosing a financial services company

The company has a **strong presence in my racial/ethnic community**

U.S. general population

37%



INCORPORATE EDUCATION AND FINANCIAL LITERACY INTO COMMUNITY ENGAGEMENT

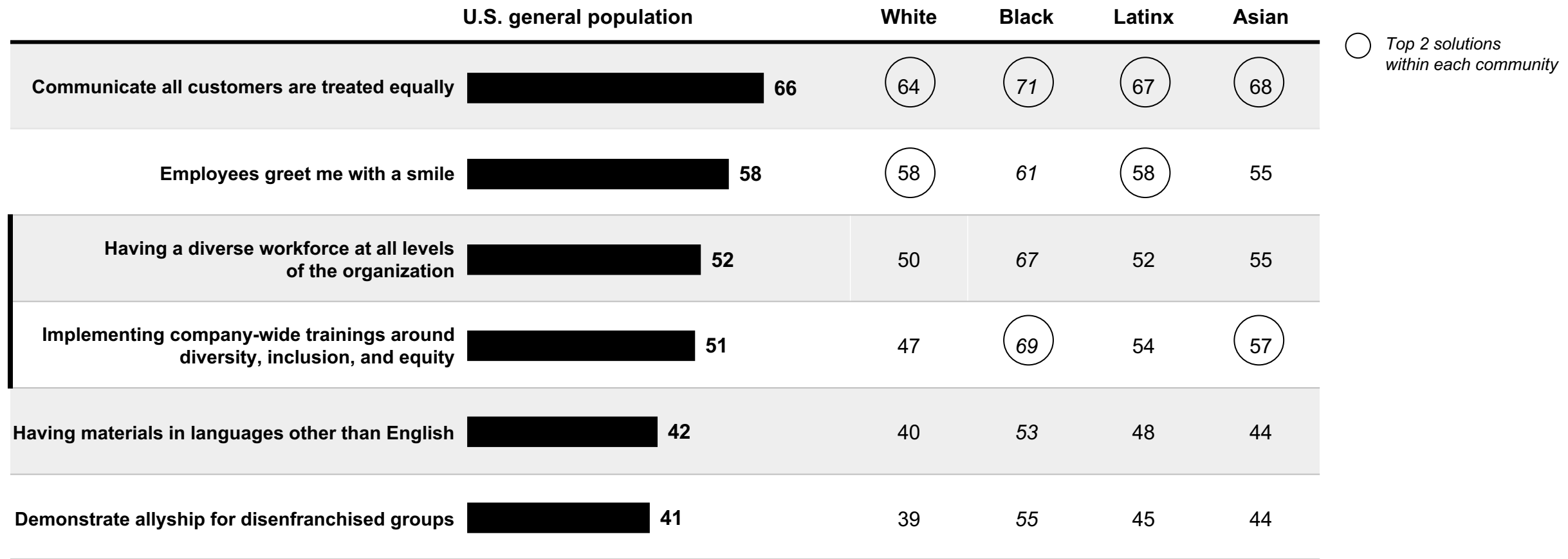
Percent who say each of the following action from a financial services company would be very/extremely helpful in terms of managing personal finances

	U.S. general population	White	Black	Latinx	Asian	
Teach me how to manage long-term debt	<div></div> 49	49	59	48	49	Highest agreement for each community
Teach me how to manage short-term debt	<div></div> 48	46	57	51	45	
Provide community financial education	<div></div> 46	46	57	48	42	

2021 Edelman Money in Color Special Report. Q45. To what extent would each of the following actions from a financial services company be helpful to you in managing your personal finances? 5-point scale; top 2 box, helpful. General population, U.S., and among Non-Hispanic White, Black, Latinx and Asian populations.

CULTIVATE AN INCLUSIVE ENVIRONMENT TO DEVELOP POSITIVE CUSTOMER EXPERIENCES

Percent that say each action is very/extremely important to creating a welcoming environment



2021 Edelman Money in Color Special Report. Q48. In your opinion, how important are each of the following actions when it comes to creating a more welcoming environment within the financial services industry? 5-point scale; top 2 box, important. General population, U.S., and among Non-Hispanic White, Black, Latinx and Asian populations.

EARN TRUST AND DRIVE GROWTH THROUGH SYSTEMIC CHANGE

1

Own existence and extent of inequity and disparate outcomes

- *Demonstrate allyship for disenfranchised groups*
- *Conduct listening sessions with customers (e.g., surveys)*

2

Get your own house in order

- *Top-down-bottom-up issue: Leadership and customer-facing employees must address institutionalized bias and discrimination*
- *Practice equitable and diverse hiring and representation*
- *Train employees to mitigate bias and understand emotional and cultural barriers*

3

Address both structural and cultural barriers

- *Reassess lending practices (i.e., mortgage, auto & credit card)*
- *Invest in and accelerate multicultural businesses*

4

Propel systemic change one product and experience at a time

- *Compose messaging of services and products in multiple languages*
- *Establish presence in multicultural communities*
- *Offering wealth building resources*

┐

TECHNICAL APPENDIX

└

EXTERNAL RESEARCH CITATIONS

LINKS TO STUDIES REFERENCED IN HISTORICAL CONTEXT

- **Generations of economic deprivation:** Since 2000, the U.S. GDP has lost \$16 trillion due to discrimination. ([Closing the Racial Inequality Gaps: The Economic Cost of Black Inequality in the U.S. Citigroup](#). 2020.)
- **Barriers to wealth creation:** 26 percent of Latinx families own retirement accounts, the least among American families. ([17 Retirement Statistics You Should Know in 2021](#). MagnifyMoney. LendingTree. 2021)
- **Impact on wealth transfer:** The typical White family has 8x the wealth of a typical Black family. ([Disparities in Wealth by Race and Ethnicity in the 2019 Survey of Consumer Finances](#). Federal Reserve. 2020)
- **Resilient multicultural businesses:** Asian businesses account for the most receipts (\$863 billion) among multicultural proprietorships. ([Annual Business Survey Release Provides Data on Minority-Owned, Veteran-Owned and Women-Owned Businesses](#). Census Bureau. 2021)

DATA IN DETAIL

FULL QUESTION TEXT FOR ANSWER CHOICES THAT WERE ABBREVIATED IN THE REPORT

Q32. Now thinking about specific sectors of financial services, how much do you agree or disagree with the following statements about banks? Please select one response for each.

- I feel that my bank really cares about me
- The communications I receive from my bank lack empathy or cultural sensitivity
- I feel I could go to my bank if I needed reliable financial advice
- I feel as though employees at banks have treated me differently due to what I look like
- I feel I need to change my behavior or appearance when interacting with banks
- I am more likely to work with a bank when I see people who look like me working there
- I have felt that an employee at a bank has talked down to me
- I think there is systemic bias and discrimination towards certain groups of people within the banking industry
- I feel that the factors that banks use to determine creditworthiness are biased against various groups
- I am more likely to trust a bank when I know that employees there actually understand and can relate to my financial situation and experiences with

money

- I frequently do not understand the terms and phrases used by banks
- I am willing to travel (drive, take a bus, etc.) further distances or go out of my way to get to a bank that I have a good relationship with

Q34. How much do you agree or disagree with the following statements about mortgage lenders? Please select one response for each.

- I feel that my mortgage lender really cares about me
- The communications I receive from mortgage lenders lack empathy or cultural sensitivity
- I feel I could go to a mortgage lender if I needed reliable advice
- I feel as though mortgage lenders have treated me differently due to what I look like
- I feel I need to change my behavior or appearance when interacting with a mortgage lender
- I am more likely to work with mortgage lenders that look like me
- I have felt that a mortgage lender has talked down to me
- When mortgage lenders use credit scores to determine loan eligibility, it introduces bias and

discrimination into their application process

- I feel that the factors that mortgage lenders use to determine credit worthiness are biased against various groups
- I think there is systemic bias and discrimination towards certain groups of people within the mortgage lending industry
- I am more likely to trust a mortgage lender when I know they actually understand and can relate to my financial situation and experiences with money
- I frequently do not understand the terms and phrases used by mortgage lenders
- I am willing to travel (drive, take a bus, etc.) further distances or go out of my way to work with a mortgage lender that I have a good relationship with

DATA IN DETAIL

FULL QUESTION TEXT FOR ANSWER CHOICES THAT WERE ABBREVIATED IN THE REPORT

Q35. How much do you agree or disagree with the following statements about credit card companies? Please select one response for each.

- I feel that my credit card company really cares about me
- The communications I receive from credit card companies lack empathy or cultural sensitivity
- I feel I could go to a credit card company if I needed reliable advice
- I feel as though employees at credit card companies have treated me differently due to what I look like
- I feel I need to change my behavior or appearance when interacting with my credit card company
- I am more likely to work with a credit card company when I see people who look like me working there
- I have felt that an employee at a credit card company has talked down to me
- I feel that the factors that credit card companies use to determine credit worthiness are biased against various groups
- I think there is systemic bias and discrimination towards certain groups of people within the credit card industry
- I am more likely to trust a credit card company

when I know that employees there actually understand and can relate to my financial situation and experiences with money

- I frequently do not understand the terms and phrases used by credit card companies
- I am willing to travel (drive, take a bus, etc.) further distances or go out of my way to get to a credit card company that I have a good relationship with

Q36. How much do you agree or disagree with the following statements about personal insurance (life/health/property) companies? Please select one response for each.

- I feel that my personal insurance company really cares about me
- The communications I receive from personal insurance companies lack empathy or cultural sensitivity
- I feel I could go to a personal insurance company if I had questions or needed reliable advice
- I feel as though employees at personal insurance companies have treated me differently due to what I look like
- I feel I need to change my behavior or appearance when interacting with my personal insurance company
- I am more likely to work with a personal insurance company when I see people who look like me

working there

- When personal insurance companies use credit scores to determine insurance premiums, it introduces bias and discrimination into their pricing
- I have felt that an employee at a personal insurance company has talked down to me
- I think there is systemic bias and discrimination towards certain groups of people within the personal insurance industry
- I am more likely to trust a personal insurance company when I know that employees there actually understand and can relate to my financial situation and experiences with money
- I frequently do not understand the terms and phrases used by personal insurance companies
- I am willing to travel (drive, take a bus, etc.) further distances or go out of my way to get to a personal insurance company that I have a good relationship with

DATA IN DETAIL

FULL QUESTION TEXT FOR ANSWER CHOICES THAT WERE ABBREVIATED IN THE REPORT

Q39. Which of the following, if any, have you experienced dealing with financial services companies before? Please select all that apply.

- I was denied service altogether at a financial services company
- I was given higher rates or fees because of the color of my skin
- I had to supply more proof of my employment than I thought was necessary
- An employee expressed doubts that I was a U.S. citizen even though I supplied all of the required proof
- An employee talked down to me
- I felt like an employee was saying my experiences were not real or valid
- I felt ignored or not seen at a physical location
- No one spoke my primary language
- I felt I needed to change my appearance to be taken seriously
- I felt I needed to change the way I speak

to be taken seriously

- No one had a similar cultural background to me
- I felt that no one there cared to get to know me as a person
- None of the above

Q40. As a direct result of the experience(s) you just indicated, which, if any, of the following things happened? Please select as all that apply.

- I filed a formal complaint
- I lost trust in that financial services company
- I lost trust in the financial services industry
- I started using that financial services company less
- I started saving more of my money at home to avoid interacting with the financial service company
- I started using non-traditional financial services companies for certain financial transactions (payday loans, retail stores)

- I switched financial services companies
- I told my friends and family about the experience
- I stopped interacting with that company in-person and moved to online only
- I switched branches, but stayed with the company
- I started using alternative investment tools like cryptocurrency to avoid dealing with financial services companies
- I did not do any of the following actions