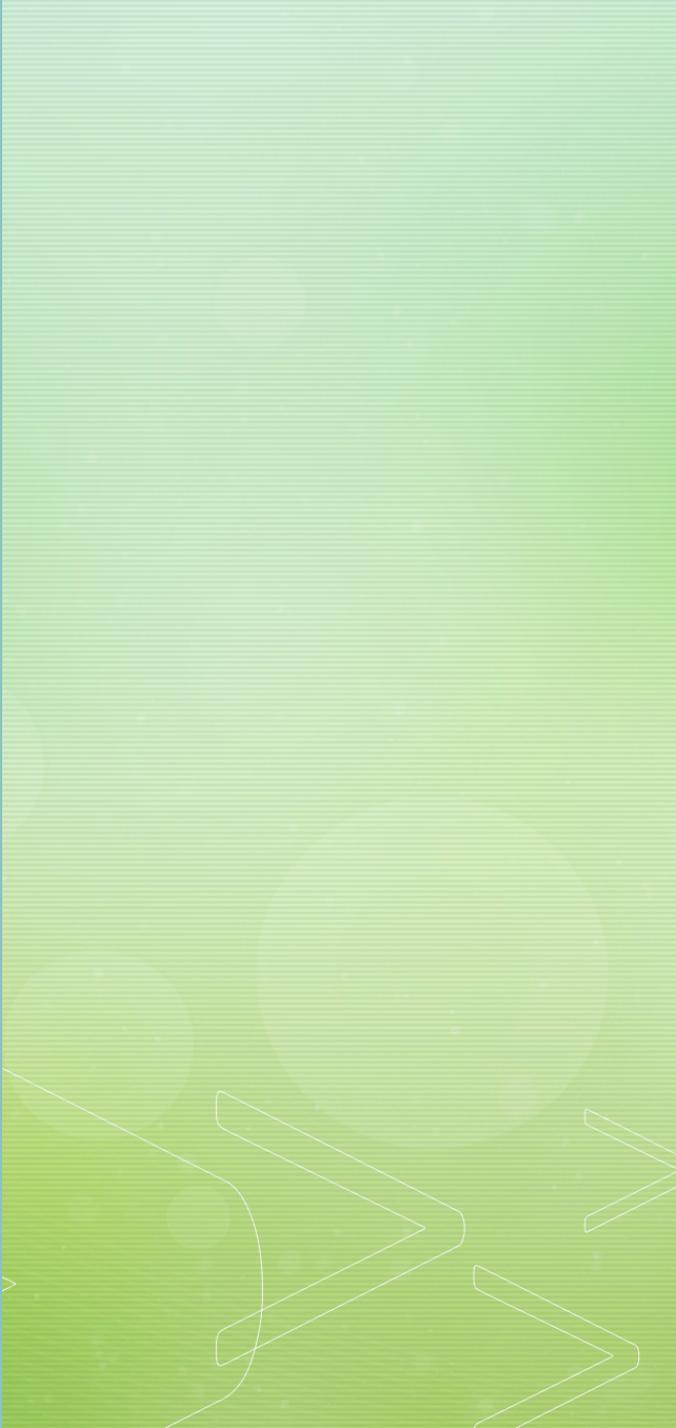




# Closing the Racial Inequality Gap

Skyler Morgan

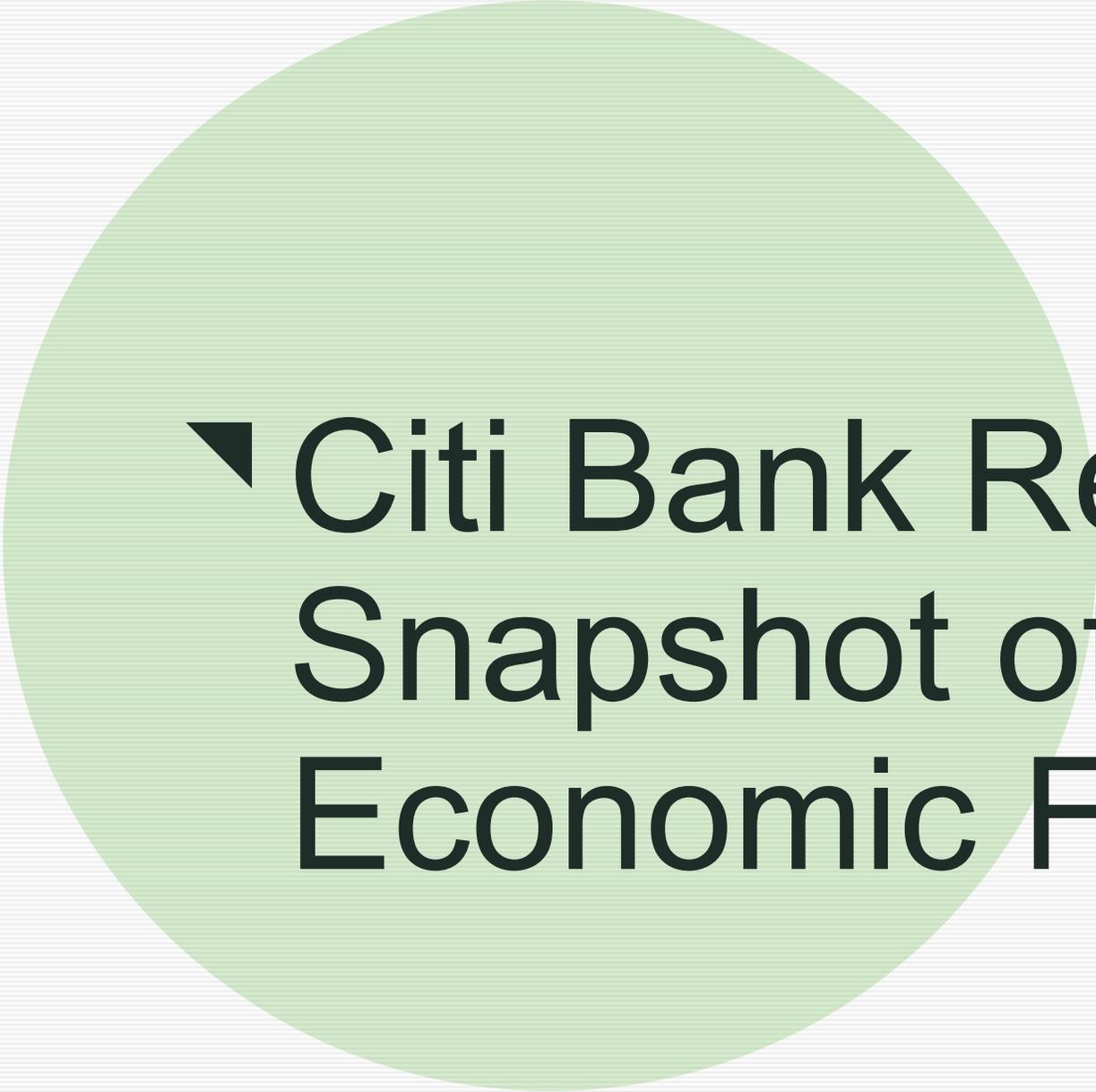
Minority Business Ownership



# Biden's Executive Orders and Support for Small Business Owners

- Passed four executive orders: fair housing, penal reform, committing resources to support Native American communities, and eliminating xenophobia against Asian Americans.
- Continuing Paycheck Protection Program (PPP) for small business owners.
  - Possible reforms?





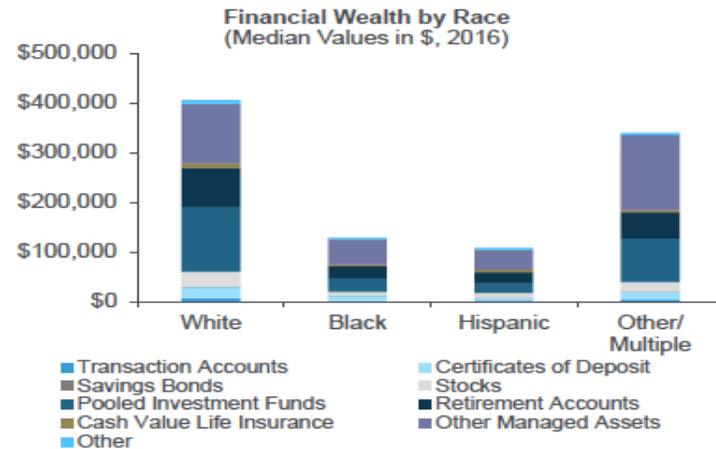
# ▼ Citi Bank Report: Snapshot of Economic Future

Increasing housing credits can create 770,000 black homeowners and \$219 billion in sales and expenditures.

Providing fair and equitable lending to Black entrepreneurs can create an additional \$13 trillion in business revenue and \$6.1 million jobs per year.

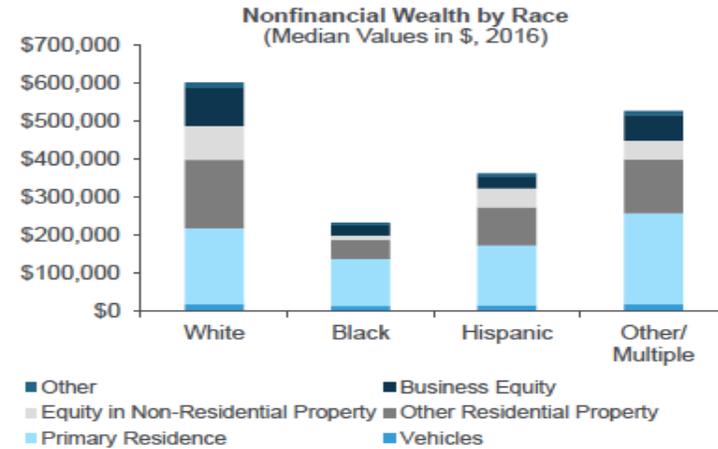
Closing racial gap today could increase the U.S. economy by \$5 trillion over the next five years.

**Figure 80. Black Families Have One-Third of the Financial Assets of White Families**



Source: Federal Reserve Board, Citi Research

**Figure 81. Black Families Have Fewer Assets in Every Category of Nonfinancial Wealth Relative to Other Races**



Source: Federal Research Board, Citi Research

Blacks have 1/3 the financial assets whites have and even fewer nonfinancial assets.

# Financial and Nonfinancial Assets

# Income Gap = Wealth Gap

- Increase mandatory financial literacy in curriculum nationwide
- Increase the number of black investors
- Increase the number of blacks entering into finance



**“Black”**  
**“Girl”**  
**Financē**

# Access to Credit and Financial Services

- 15% of blacks are denied mortgages compared to 5% of whites.
- 35% of blacks were denied a refinancing opportunity compared to 15% of whites.
- **Why?**
  - Elevated debt to ratio income, poor credit histories, and incomplete applications.
- Traditional banking requires more of black income: higher initial opening deposits and higher minimum balances.
- Blacks turn to predatory lending services such as check cashing places.
  - Could save \$40,000 over their career by switching from check cashing places to banks.



# Racial Investment Gap

- Lack of funding is a result of:
  - Higher rates of loan denial
    - If approved, receive less than half of what was requested
  - Communication of investment opportunities limited by network
    - Narrow pipeline - strict investor requirements
  - Investor Bias
    - Lack of trust and harsh judgement from black investors

Solutions?

