

FACT SHEET: BLACK WOMEN'S FINANCIAL TRAUMA

By Chloe B. McKenzie

Black women* bear the brunt of the wealth gap in the United States.

Wealth inequality is both significant and unique for Black women. Although financial literacy education could help bridge that gap, current curricula instead ignore and even perpetuate the financial harms affecting Black women, and are often limited to providing standardized information and tools.

Financial literacy education must address the specific financial trauma, shaming, and abuse that Black women and girls experience and provide resources for them to heal. Specifically, to close the ever-widening wealth gap, financial literacy education must support Black women and girls in redefining their understanding of, and emotional connection to, money and their inherent worth.

To that end, financial education must recognize these key concepts:

FINANCIAL TRAUMA

Financial Trauma is the response to the cumulative harming of a person's wealth-building capability and relationship with money. This form of trauma is rooted in our financial system, which has historically dehumanized and shamed Black women based on their race, gender, and socioeconomic status, as well as their net worth.

FINANCIAL ABUSE

Financial Abuse is an event, action, or policy that inequitably reinforces the conditions that impair a person's financial capability.

Black women experience financial abuse when actions or policies conflate their inherent value with their monetary net worth and disregard present and past experiences of financial oppression and harm.

FINANCIAL SHAMING

Financial Shaming is the cultural message that Black women are to blame if they are socioeconomically harmed; and that regardless, no amount of wealth will translate into Black women and girls' sense of belonging.

EXAMPLES

Financial Abuse:

- **Redlining** and the legacy of banks' historical "risk" assessments have resulted in Black women having nearly half as much equity in their homes as white women. Yet home equity constitutes the largest proportion of wealth for middle-class families. (Richard, 2014)
- Black women have only received 0.0006% of all **venture capital funding** in the past decade. (Girlboss Inc., 2020)

Financial Shaming:

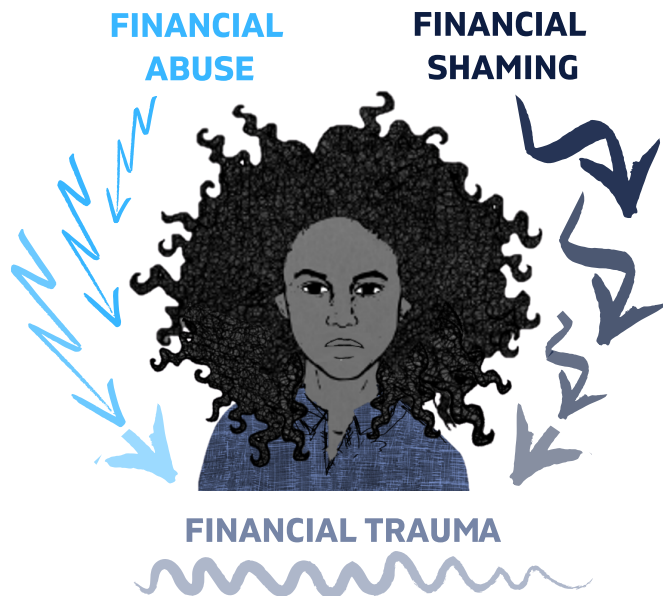
- "Ronald Reagan's fictional anecdote about Cadillac-driving '**welfare queens**' pervades and pollutes our political culture. Everyone knew he was talking about African American Women." (Edelman, 2012)
- It is often implied that Black women **willingly choose to give away resources** to everyone except themselves: "When children observe financial martyrdom in the money behaviors of [Black] women in their lives, they emulate these practices as adults." (Stevens, 2019)

* We use the terms "women" and "girls" to be inclusive of those who identify as gender-expansive.

In its current form, financial literacy education fails to address the structural harms embedded in our financial system that affect Black women.

Our culture, as reflected in most financial literacy curricula, defines money, value, and wealth solely by monetary worth and accumulated wealth, failing to recognize the effect of historical and current financial trauma.

- Financial literacy education does not acknowledge or address the prevalence of financial shaming and abuse, which impairs Black women's ability to develop a healthy relationship with money and wealth.
- Financial literacy education perpetuates harmful narratives about money and wealth, which affects financial education policy and curricular frameworks.



Looking Toward a Solution

To start to close the wealth gap for Black women, we must raise awareness about financial trauma, shaming, and abuse, and study their harmful effects. While Black women are not alone in facing these forms of adversity, their race and gender render their experience unique. The absence of an intersectional** analysis of the harms of financial trauma, shaming, and abuse and how they can be integrated into financial literacy education is a gap in the literature and practice that needs to be filled.

Research.

We must study the effects of financial trauma, shaming, and abuse on Black women, which has not been robustly examined.

Reform.

Helping professionals must integrate trauma-informed practices into their work that address the effects of financial trauma, shaming, and abuse.

Learn More.

Policymakers must acknowledge and repair the harm perpetrated by financial trauma, shaming, and abuse.

Chloe B. McKenzie, Founder of BlackFem, is a Scholar at the Georgetown Law Center on Poverty's Initiative on Gender Justice & Opportunity. Support for this fact sheet was provided by: The Annie E. Casey Foundation and Tides Foundation. The findings and conclusions presented in this report do not necessarily reflect the opinions of these foundations.

** "Intersectional" discrimination, a term first coined by Kimberle Crenshaw, refers to the discrimination Black women face on the basis of both race and gender.