

# 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 for Black women is exacerbated by low levels of financial literacy and limited interaction with financial institutions. Although financial literacy education could bridge the 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, shame, 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 to the institution's benefit.

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 SHAME

**Financial Shame** is the psychological response to the cultural message that Black women should blame themselves if they are socioeconomically harmed; and that regardless, no amount of wealth will translate into Black women and girls's sense of belonging.

## EXAMPLES

### FINANCIAL ABUSE:

Redlining, unaffordable bank accounts, and the legacy of banks' historical assessment of "risk" based on race.

Black women have only received 0.0006% of all venture capital funding in the past decade (Girlboss Inc., 2020).

Chronically reminding Black women of their lesser economic status without specific solutions to help them.

### FINANCIAL SHAME:

Black women's response to media items that blame them for "bad" financial decision-making without appropriate context for those decisions.

The effect on Black girls when financial literacy curricula fail to include names and examples that reflect their experiences or look like them.

\* In this fact sheet, 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 shame 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, shame, 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, shame, 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, shame, 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, shame, and abuse.

### Learn More.

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

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