

# 2022 Black Investor Survey

Report of Findings

April 2022



Ariel-Schwab Black Investor Survey

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# Research Objectives

Identify similarities and differences between middle-class Black and white Americans with regard to savings and investing:

**Examine the factors, particularly past influences and underlying beliefs**

that may impact how Black and white Americans think about financial matters

**Assess the expectations and sentiment**

that Black and white Americans face in their financial future

**Determine any shifts in attitudes**

or behaviors that have occurred over time

# Methodology

An online survey of approximately 18 minutes in length was conducted during the period of January 4 – January 13, 2022, with sample provided by opt-in consumer panels.

## Recruiting criteria:

Random sample:

- Mix of genders\*
- Age 18+\*
- \$50K+ household income in 2021
- Primary or shared decision maker for household financial decisions

## Oversampling to achieve 300 Black respondents with \$100K+ income

(this number fell naturally among white respondents)

Weighting was conducted in order to ensure that among the total sample, the proportion of Black respondents with \$100K+ income is aligned with the proportion of this group among the random sample (before oversampling was started)

## A total of 2,057 surveys were completed as follows:

- **1,035** among those identifying as Black (1,000 random sample + 35 oversample on income)
- **1,002** among those identifying as white

Ariel Investments/Charles Schwab were not identified as the sponsors of the research  
Research conducted by Helical Research, Inc.

# Big Picture

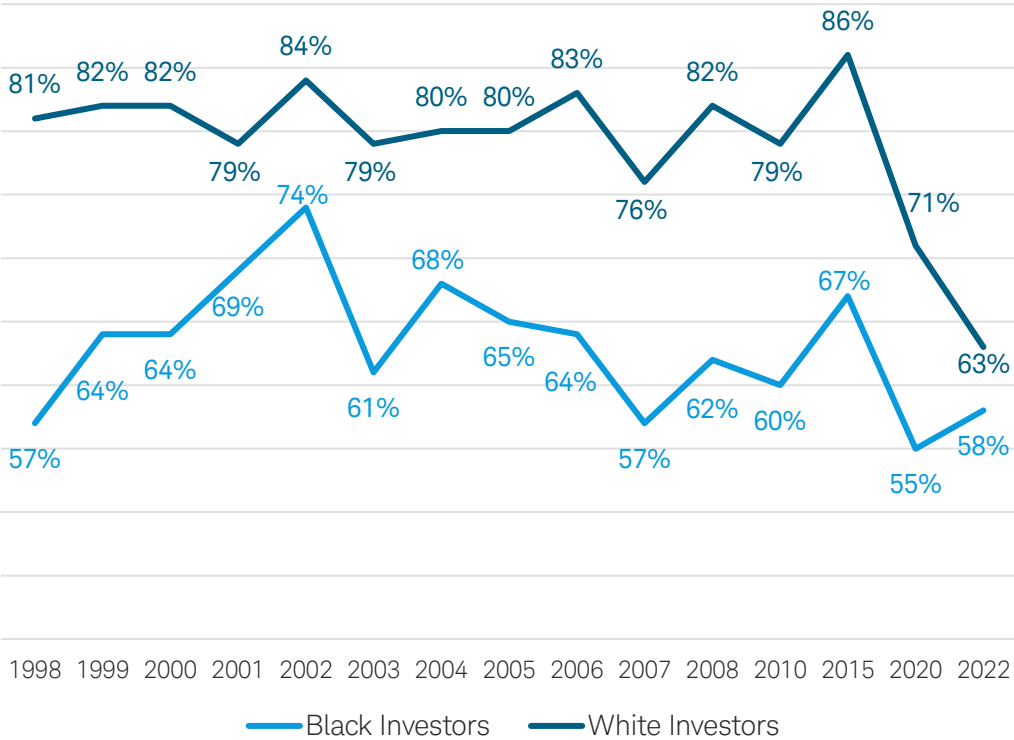
# By the numbers, the deep-rooted stock market participation gap between Black and white investors has narrowed – but the reasons behind it are alarming and sound a wake-up call.

White investors have lapsed, and white stock market participation is at an all-time low.

Black stock market participation is as low as it was when the survey first fielded in 1998.

Between 2020 and 2022, stock market participation among Black Americans grew by just three percentage points.

Historical Stock Market Participation



# Risky investments are growing in popularity, especially among younger Black investors.

## 25%

of Black Americans currently own cryptocurrency

One-quarter of Black Americans (25%) currently own cryptocurrency, and among Black investors under 40 that jumps to 38%. Only 15% of white Americans own cryptocurrency, although this rises to 29% of white investors under 40.

## 2X

Black Americans ranked cryptocurrency as the best investment choice overall

Twice as many Black Americans ranked cryptocurrency as the best investment choice overall (8% of Black Americans vs. 4% of white Americans).

## 23%

cited excitement about cryptocurrency as the reason they started investing

Among Black investors, 23% cited excitement about cryptocurrency as the reason they started investing in general, and 11% indicated cryptocurrency was their first investment (compared to 10% and 4% for white investors, respectively).

## 68%

of Black investors see cryptocurrency as risky vs. 73% their white counterparts

Black investors are less likely than their white counterparts to see cryptocurrency as risky (68% vs. 73%), and more likely to believe it is safe (33% vs. 18%).

# Investors are jumping into the market without all the facts.

29%

Black Americans who invested in something they didn't fully understand, did so because it seemed like a "sure deal"

Black Americans who said they had invested in something they didn't fully understand were more likely than white Americans to invest in something because they thought it was a "sure deal" (29% vs. 18%).

1/3

of Black investors said they invested in something based on something they saw on social media

One third of Black investors (33%) said they invested in something based on something they saw on social media, compared to one-in-five white investors (20%). This is more pronounced among Black and white investors under 40 (51% vs. 36%).

2X

Black investors are more than twice as likely to trust social media as an information source on investing and finances

Black investors are more than twice as likely to trust social media as an information source on investing than white investors (13% vs. 6%). One-quarter of Black investors under 40 trust social media for investing and finance information.



# The Good News

# Younger and new Black investors are engaged.

Black Americans are saving and investing significantly more than they did in 2020, with the highest contributions coming from new investors, high earners, and young respondents.

## \$657/month

saved or invested by Black Americans now, compared to \$393 in 2020

Although it's not clear how they're investing these hard-earned additional dollars, 13% of Black Americans under 40 cite cryptocurrency as the best investment, third only to real estate and individual stocks, and ahead of mutual funds.

There is still a gap between Black and white investors, who saved \$857/month.

## Young & new

investors are driving the uptick in participation among Black investors, indicating participation may improve for future generations

There is also evidence of growing engagement in the stock market by younger Black Americans, with 68% of those under 40 now participating in the stock market (up from 63% in 2020) – more than younger white investors at 57%.

15% of Black investors report first investing in 2021 vs. 7% of white investors.

# Black Americans are just as likely as white Americans to discuss investing with their families.

Historically, the survey has shown that Black Americans are less likely than white Americans to have discussed the stock market growing up.

However, this gap has closed as Black and white investors today are **equally as likely** to discuss the stock market with their families (41% and 43%, respectively). Over the past two years during the pandemic, these “dinner table conversations” about the stock market have increased for both racial groups (up from 37% and 36%, respectively, in 2020).

Black investors are increasingly learning about investing at a younger age.

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**~75%**

of Black Americans under age 40 were introduced to investing before they turned 30.

Among both races, those under age 40 are more likely than their older counterparts to say they learned about finances from their parents or guardians.

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# Emerging Trends

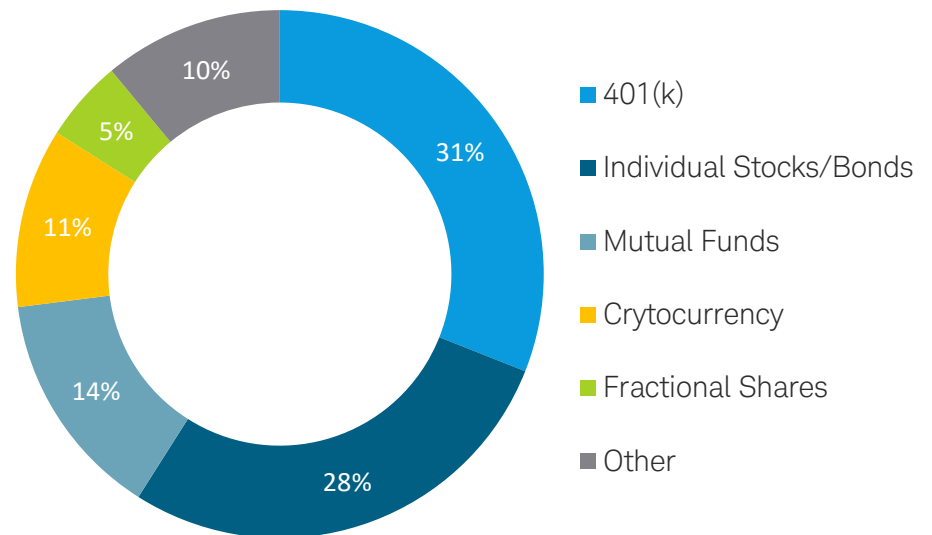
# Amid the “great resignation,” workplace retirement plans are no longer the sole gateway to investing.

Over the last several decades, the survey has shown that 401(k) plans have been the gateway to investing for many Black Americans.

In 2022, when we expanded the list to include additional ways of getting into investing, we saw that the 401(k) is not the only way investors are entering the stock market.

401(k) or other workplace retirement plans barely held onto the first position as investors’ first exposure to the stock market for both groups.

In 2022, Black Americans say they first started investing through:



More than twice as many Black investors as white investors said **cryptocurrency** was their first investment (11% vs 4%).

# The Challenge

There is a clear need for financial institutions to **build trust and address the education gap** between Black and white investors.

# Black Americans perceive the stock market as more risky and less fair than white Americans—perhaps contributing to their enthusiasm for cryptocurrency.

Black Americans who are not invested are more likely than white Americans to cite desire for access to their money (48% vs. 36%), high fees (38% vs. 28%), and high stock prices (32% vs. 23%) as reasons not to invest.

## 56% of Black investors cited fear of losing money as a concern prior to investing.

Black investors are also more fearful of losing money than white investors – 56% cited it as a concern prior to investing compared to 46% of white investors.

## 48% of Black Americans perceive the stock market as offering a fair opportunity for all to profit in 2022, up from 40% in 2020.

However, Black Americans continue to be less likely to see the stock market as a fair playing field (48% vs. 54%) and less trusting of it overall (30% Black Americans vs. 23% white Americans).

## Lack of trust in the stock market and financial institutions is a cause for Black investors to pull out of equities.

Since 2020, Black Americans who either have stopped investing or have never invested increasingly cite lack of trust in the stock market (36% vs. 29%), lack of trust in financial institutions (25% vs. 19%), and having had a bad investing experience (15% vs. 9%) as the reason.

# While trust remains low, respect is improving.

## 44%

of Black Americans feel respected by financial institutions

As in 2020, Black Americans were less likely than white Americans to feel respected by financial institutions (44% vs. 51%); however, they feel more respected than in prior years (44% in 2022 vs. 35% in 2020).

## 39%

of Black Americans rely on financial services firms, down from 45% in 2020

While professionals remain the overwhelming choice for a trusted source of financial and investing information, Black Americans report a lower likelihood to rely on financial advisors (51% vs. 58%) and accountants (41% vs. 45%) in 2022 than they did in 2020.

## 28%

of Black Americans use financial advisors

While Black Americans continue to be less likely than white Americans to use financial advisors (28% vs. 36%), increased usage among Black Americans (up from 21% in 2020) and decreased usage among white Americans (down from 45% in 2020) has narrowed the gap significantly.

In 2022, preference for an FA of the same race (64% vs. 47%), age/generation (59% vs. 43%), or gender (53% vs. 40%) is higher among Black than white Americans, and all increased in importance among Black Americans since 2020.

## 31%

of Black Americans trust technology

When it comes to growing and protecting their assets, Black Americans are less trusting of people than white Americans (32% vs. 45%) and more trusting of technology (31% vs. 21%). Trust in technology among Black Americans is driven by men, new investors, and investors under 40.



# More education is needed for both Black and white investors.

## More than 4 in 10

of both Black and white Americans report they invested in something they didn't fully understand.

This is particularly common among Black investors under age 40 and newer investors of either race.

## ~1/3

of Black investors believe crypto is regulated by the government.

(30% of Black investors vs. 14% of white investors)

## 2x

Black investors are more than twice as likely to expect annual returns of more than 20% (27% of Black investors vs. 12% of white investors).

Black investors under 40 had even higher expectations than their older counterparts, with 34% expecting returns of more than 20%, compared to 15% among white investors of the same age.

19% of Black investors thought they could "get rich quick" through investing.

# Other Trends

# ESG investing is more attractive to Black investors than white investors.

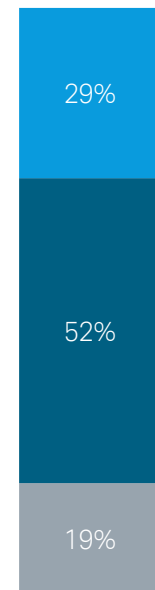
How important is it to you that your stock market investments are aligned with your personal beliefs or values?

As in 2020, Black investors are far more interested than their white counterparts in **aligning their investments with their personal beliefs** (with 44% vs. 29% saying it is very important).

Black Americans



White Americans

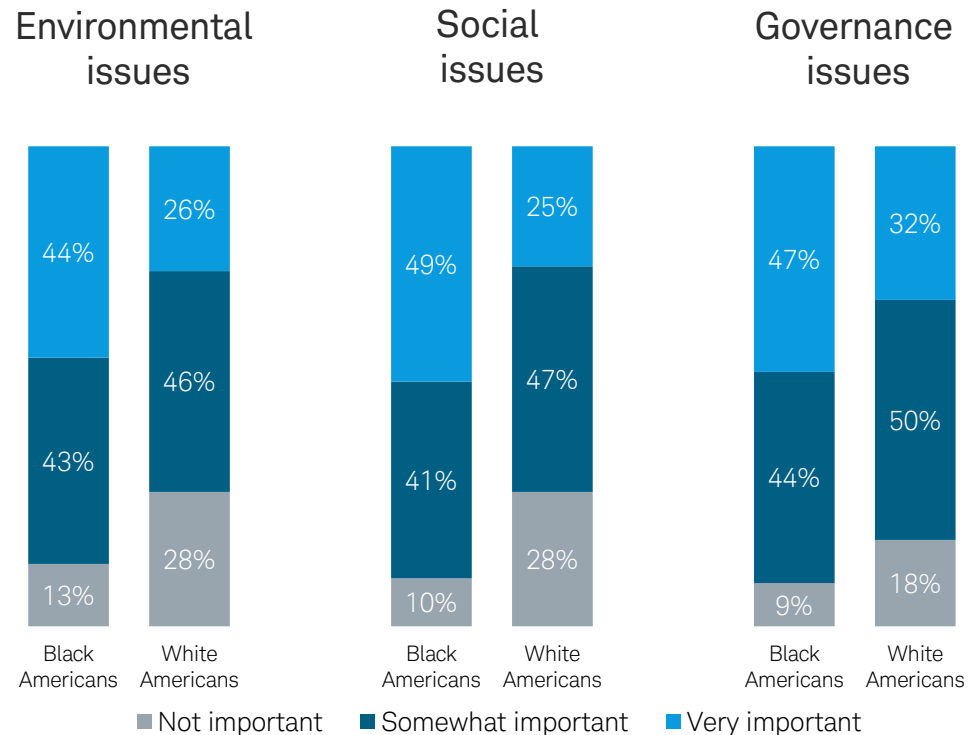


- Very important
- Somewhat important
- Not important

# Black investors are more likely to feel like they can do well while doing good.

Black investors find all three categories within ESG (E, S and G) to be far more important than their white counterparts do, and interest among white investors has actually dropped since 2020.

34% of Black investors say one of the reasons they began investing is because they got excited about investing that aligns with their values, while just 21% of white investors felt the same. These numbers are higher among younger investors (45% Black investors and 33% white investors).



# Financial literacy is a priority to nearly all Americans.

Perhaps because of the narrowing investment gap, both races have vastly different views on financial inequality despite a majority of Black and white Americans (80% vs. 51%) who agreed that it is a problem in American society.

Both races largely agree that increased financial literacy for all Americans is one of the best solutions to help address wealth inequality (83% and 74%).

Most respondents – regardless of race – agree that financial literacy should be required in public schools (93% of Black Americans and 92% of white Americans).

While nearly every American (86% of both Black and white Americans) said financial education in high school helps in the real world, far fewer were willing to fund required financial education in public schools (58% of Black Americans and 46% of white Americans).

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# Detailed Results

# Stock Market Investor Status

Do you personally (or with a spouse/partner) have any money invested in the stock market right now, either in individual stocks or in a stock mutual fund or ETF?\*

Did you personally (or with a spouse/partner) have money invested in the stock market at any time in the past, either in individual stocks or in a stock mutual fund? \*\*

Black Americans



White Americans



- Current investor
- Lapsed investor
- Never investor

% Current Investors – Comparison to Previous Research

Black Americans			White Americans		
2022	2020	2015	2022	2020	2015
58%	55%	67%	63%	71%	86%

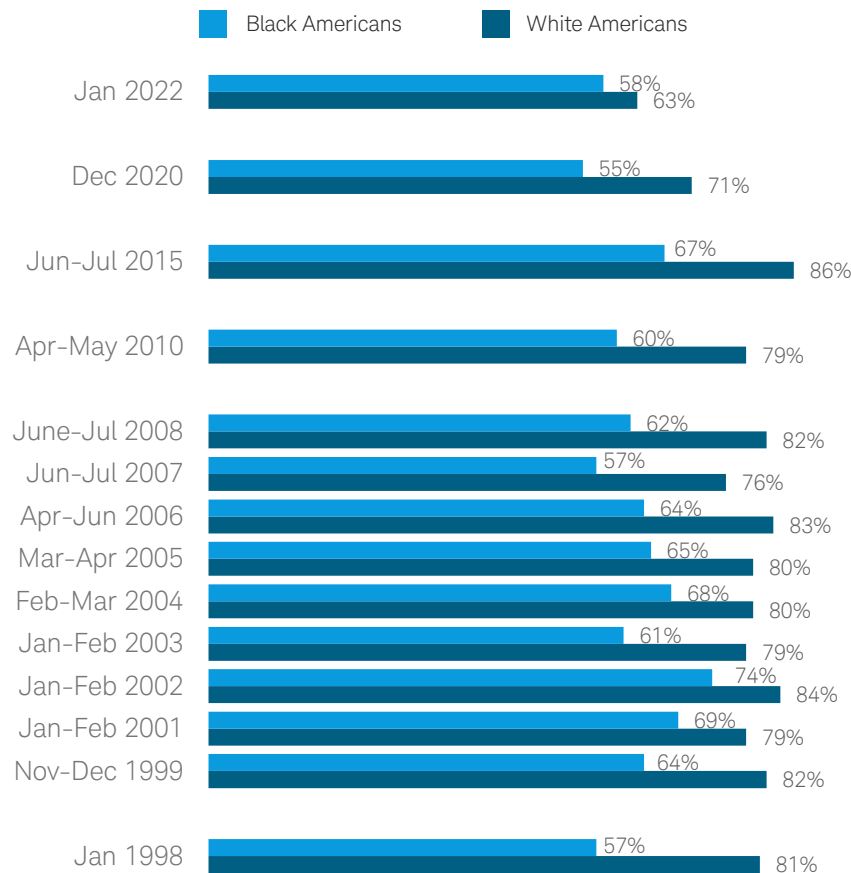
\* Response choices provided; Base: total

\*\* Response choices provided; Base: those who are not currently invested in the stock market; for purposes of this table, findings are based on total

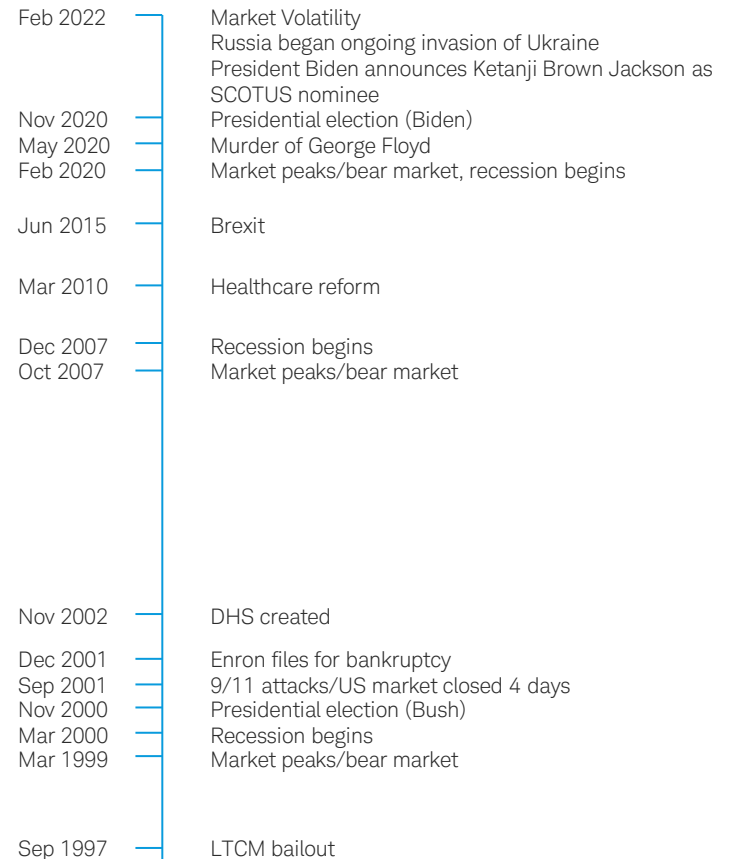
# Stock Market Investor Status

Do you personally (or with a spouse/partner) have any money invested in the stock market right now, either in individual stocks or in a stock mutual fund or ETF?\*

Did you personally (or with a spouse/partner) have money invested in the stock market at any time in the past, either in individual stocks or in a stock mutual fund?\*



## Historical Events



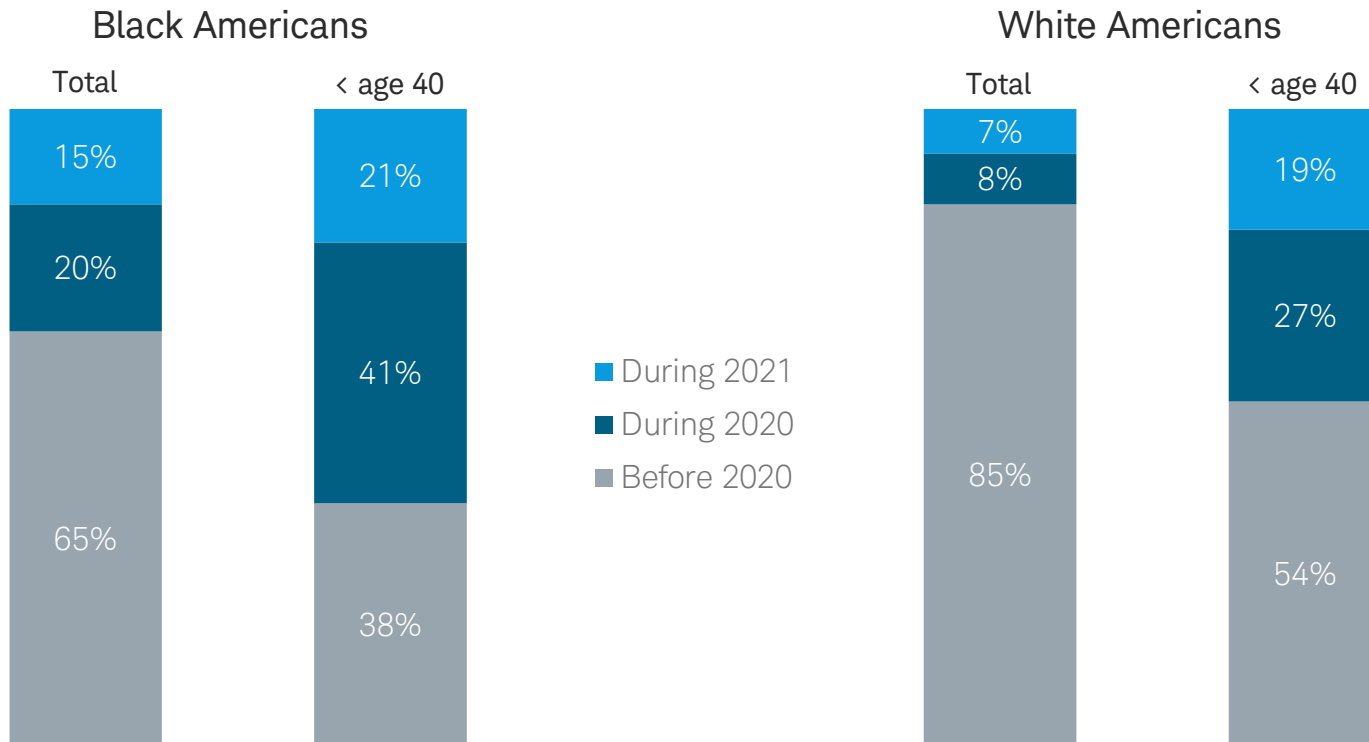
\* Response choices provided; Base: total

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# When First Put Money into the Stock Market

When did you first (personally or with a spouse/partner) put money into the stock market?\*



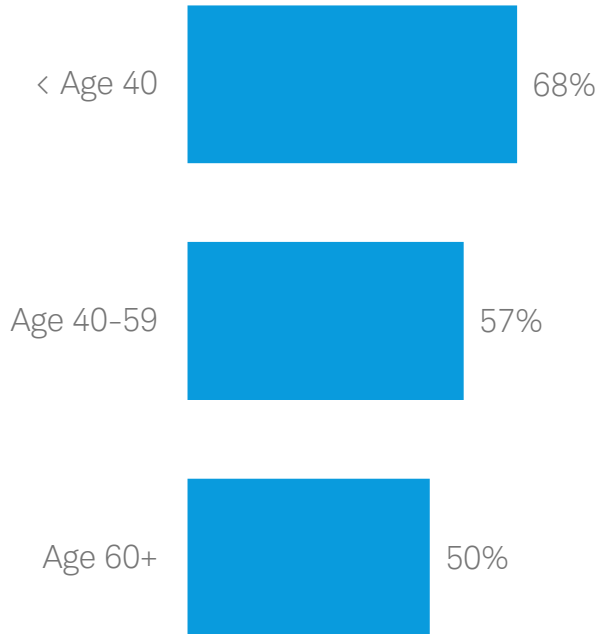
\*Response choices provided

# Stock Market Investor Status – Among Key Subgroups

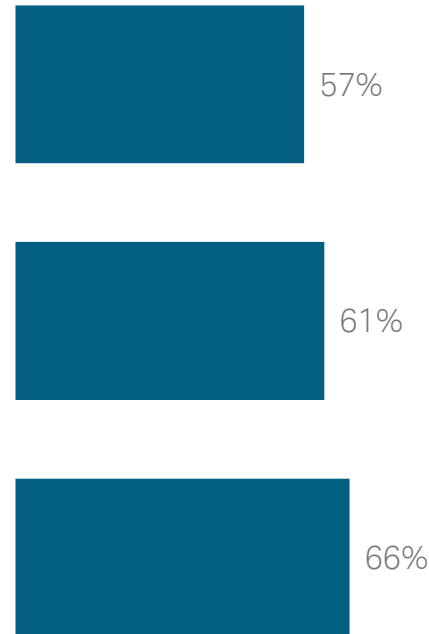
Do you personally (or with a spouse/partner) have any money invested in the stock market right now, either in individual stocks or in a stock mutual fund or ETF?\*

Did you personally (or with a spouse/partner) have money invested in the stock market at any time in the past, either in individual stocks or in a stock mutual fund? \*\*

### Black American Current Investor By Age



### White American Current Investor By Age



\* Response choices provided; Base: total

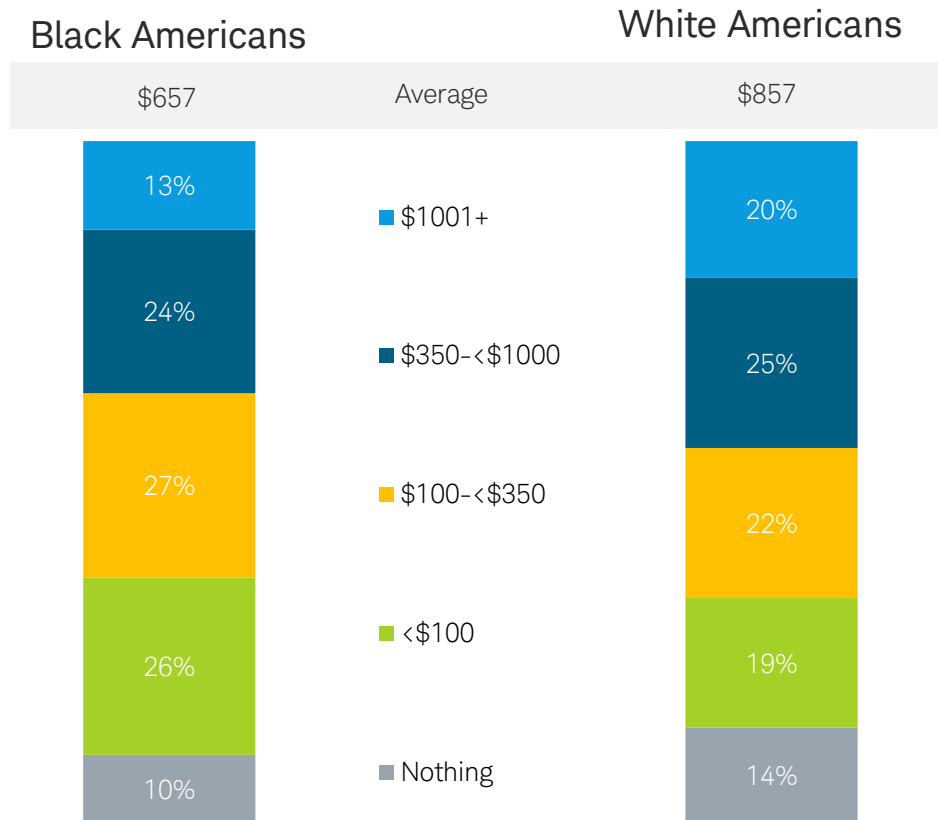
\*\* Response choices provided; Base: those who are not currently invested in the stock market; for purposes of this table, findings are based on total

# Average Amount Saved/Invested per Month

How much money are you [and your spouse/partner] saving or investing per month? Even if you may not save every month, we would like your answer in average dollars per month.\*

Average is highest among Black Americans who...

- First invested in 2021 (\$1,349)
- Have \$100K+ income (\$1,293, nearly doubled from \$686 in 2020)
- Are < age 40 (\$876, more than doubled from \$414 in 2020)

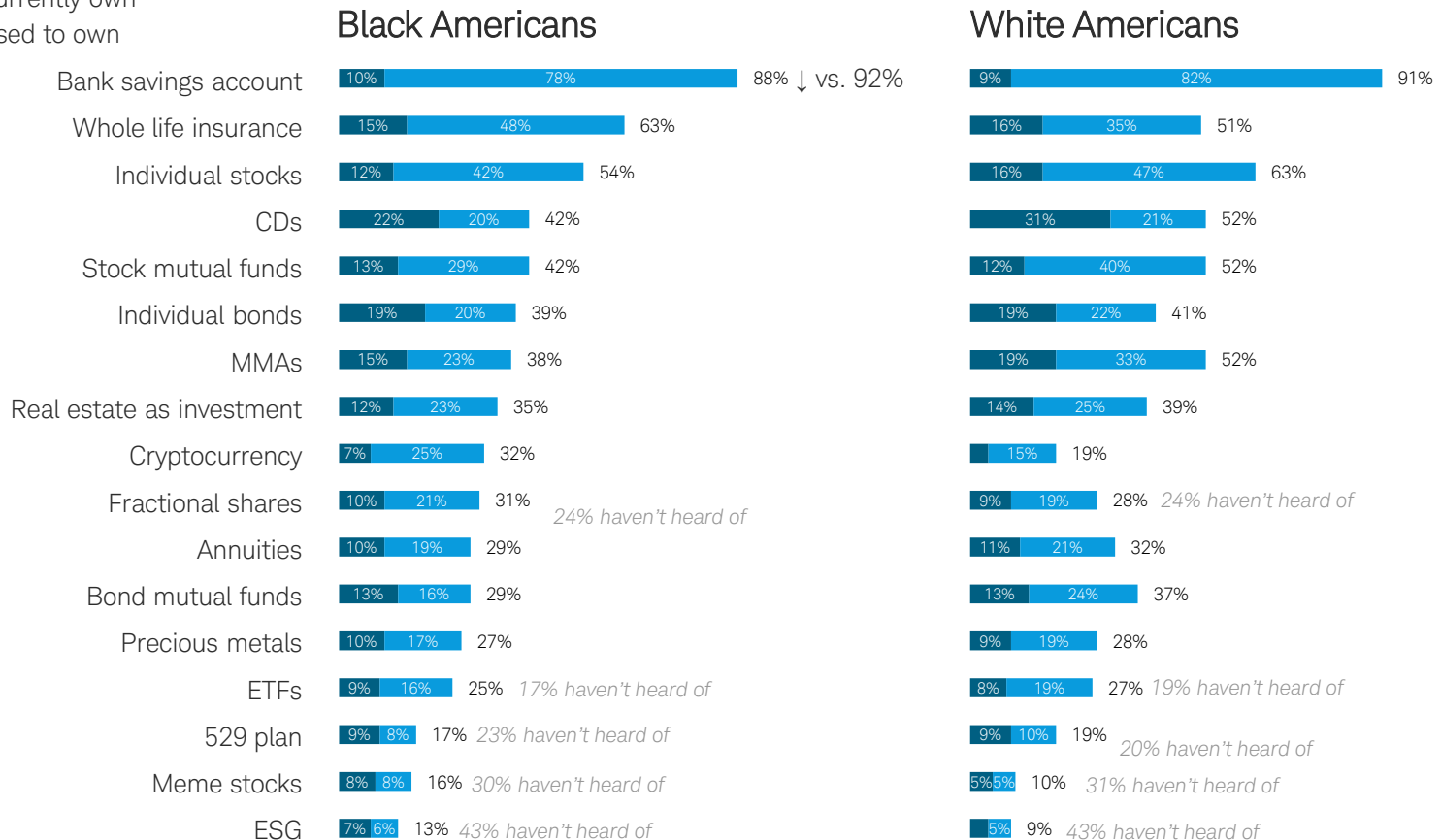


\*Response choices provided

# Financial Products Previously/Currently Owned

Please indicate which of the following best describes your awareness/ownership (personally or with a spouse/partner) of each of these financial products.\*

- Currently own
- Used to own

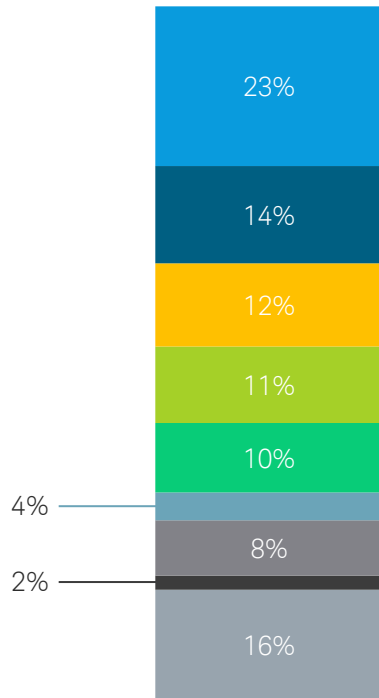


\*List of products – including detail where appropriate – and scale provided

# Best Investment Overall

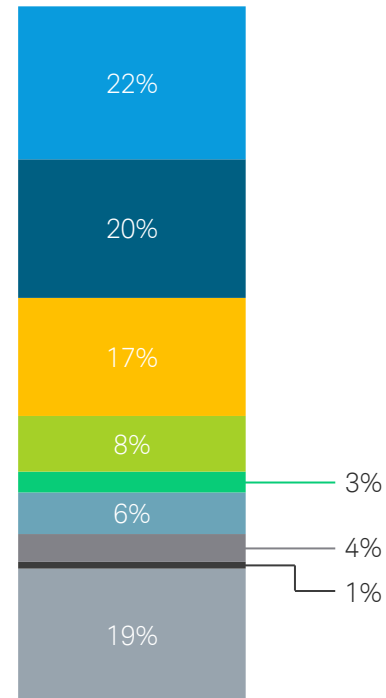
Which of the following do you think is the best investment overall?\*

## Black Americans



## White Americans

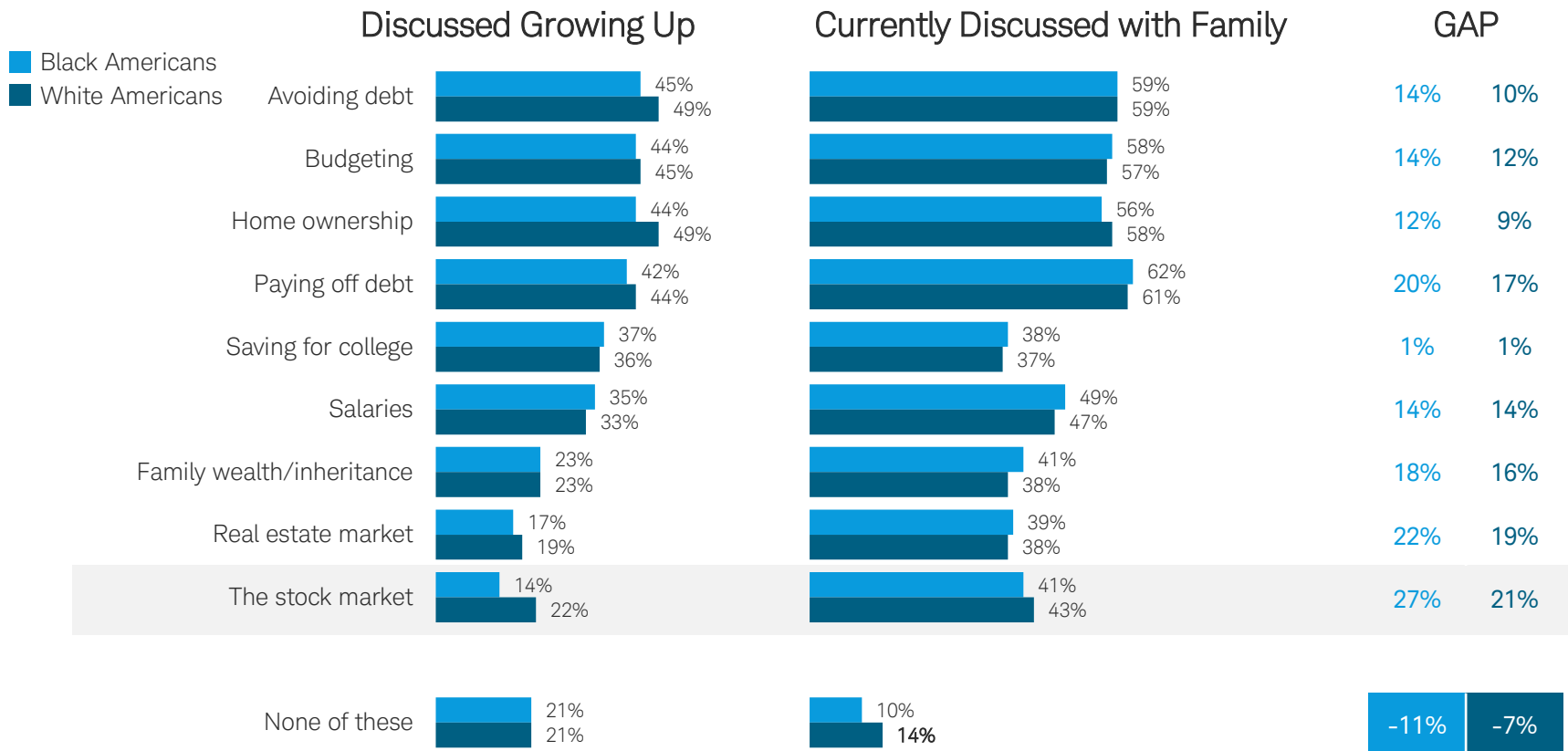
- Real estate
- Mutual funds
- Individual stocks
- Cash
- Whole life insurance
- ETFs
- Cryptocurrency
- Individual bonds
- Don't know



\*Response choices provided

# Issues Discussed Growing up, Currently with Family

Which, if any, of the following did your family talk about when you were growing up? And what do you talk about with your family now?\*



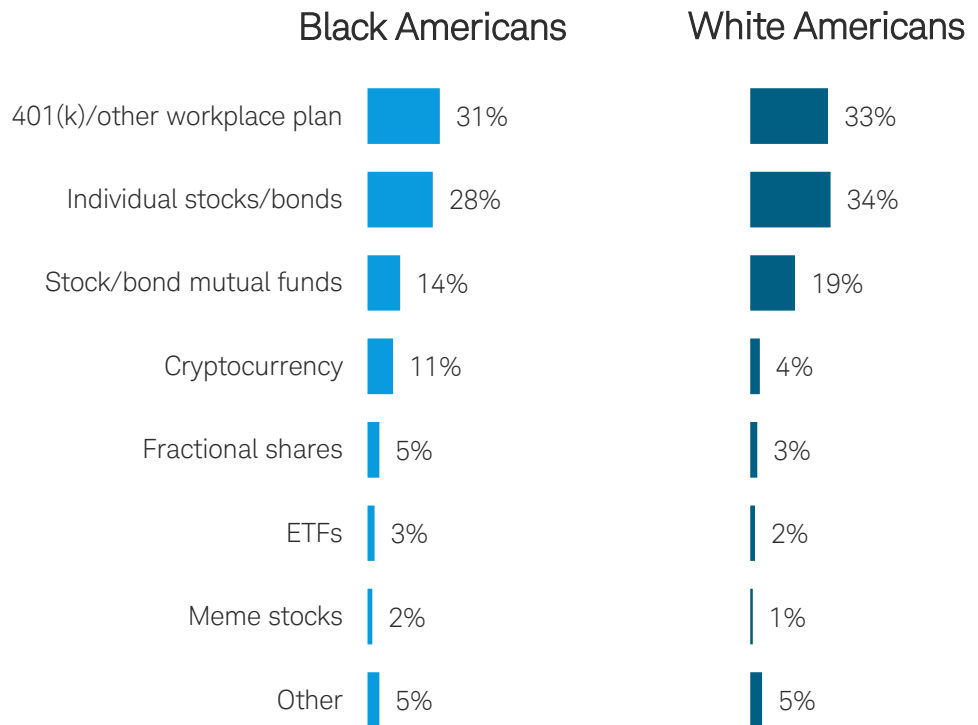
\*Response choices provided

# First Time Getting Involved in the Stock Market

In which one of the following ways did you first get involved in investing in the stock market?\*

23%

of Black crypto users  
say this was their first  
foray into investing in  
the stock market

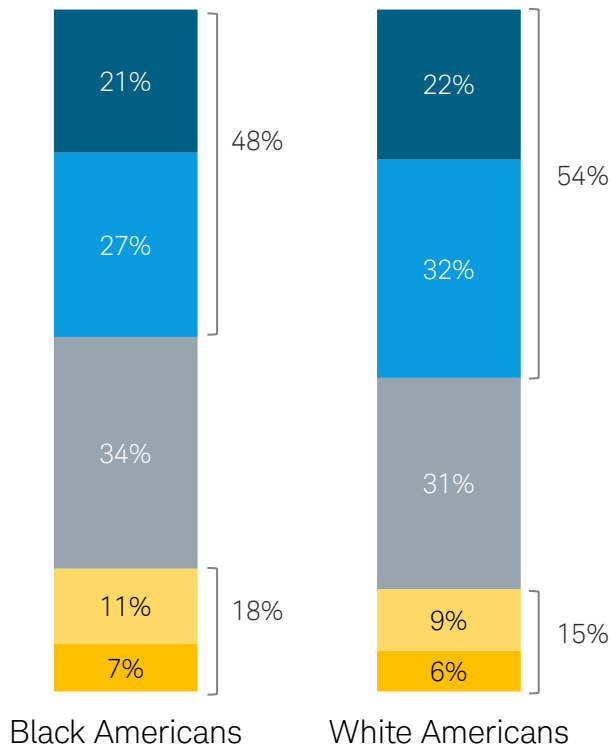


\*Response choices provided

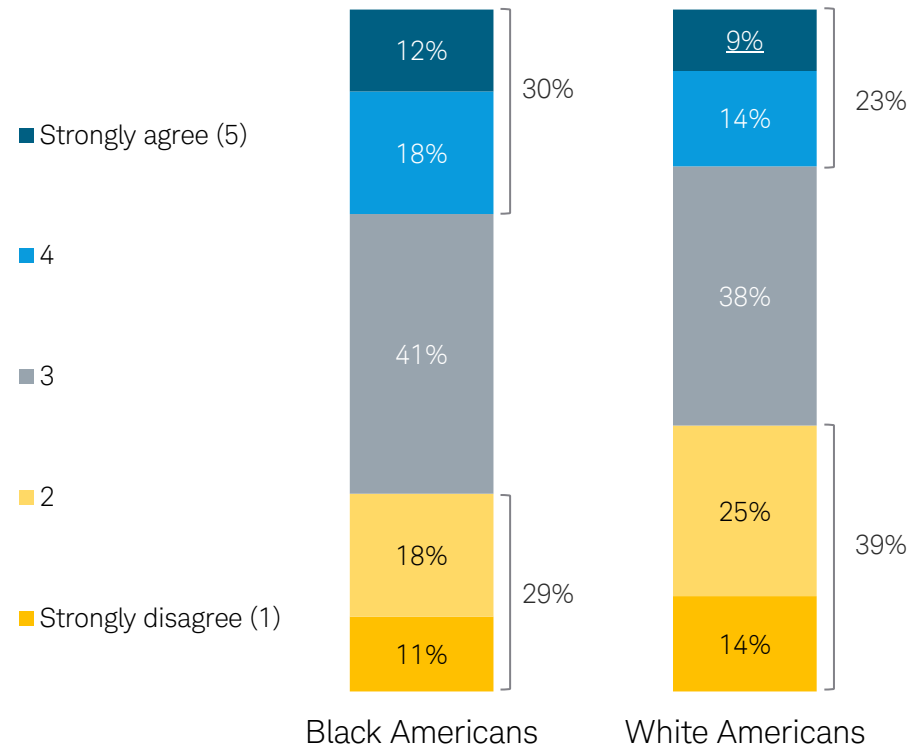
# Agreement with Statements about the Stock Market

Please indicate the extent to which you agree or disagree with each of the following statements.\*

The stock market offers a fair opportunity for all to profit over time



The stock market is not trustworthy

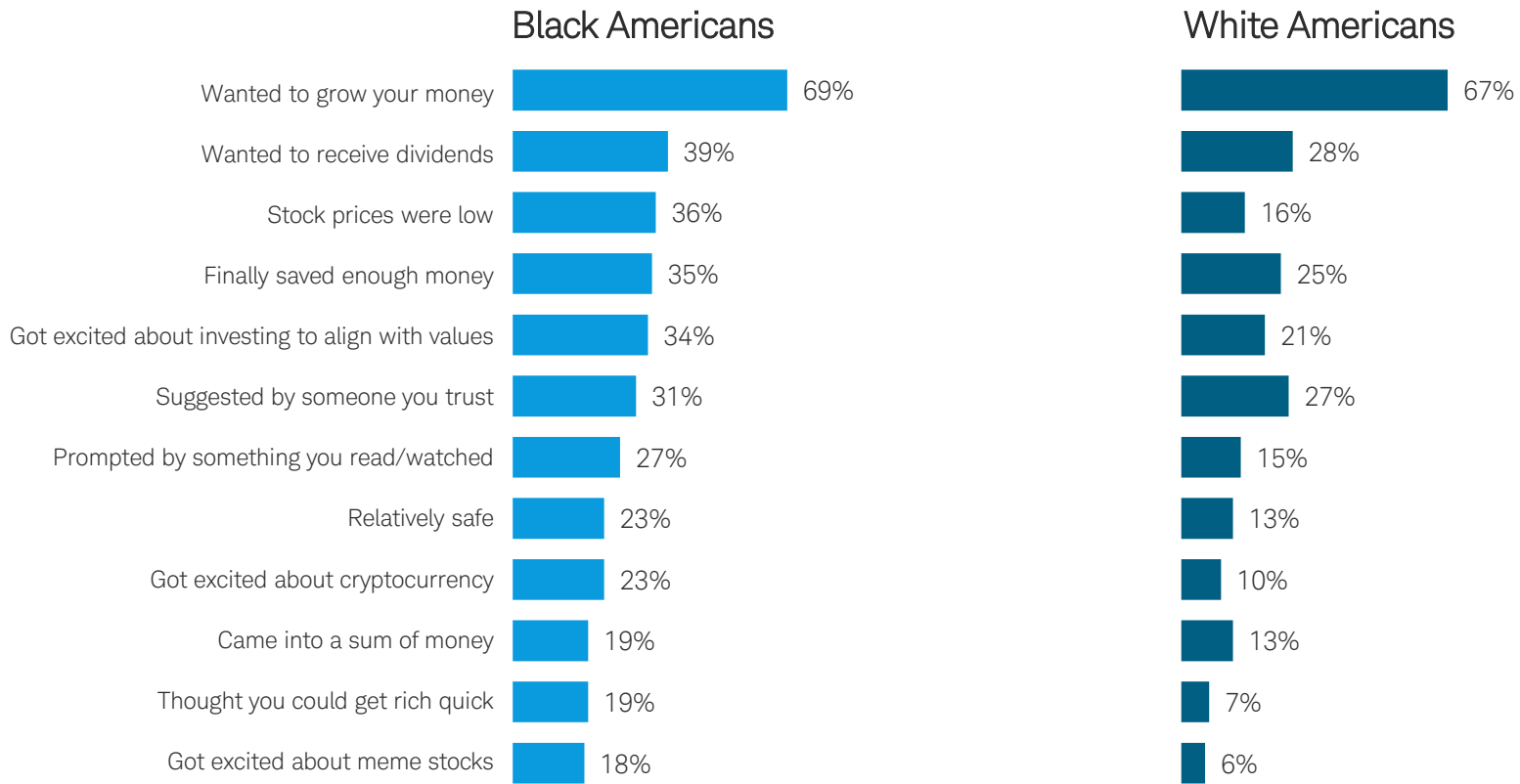


\*Response choices and scale provided



# Reasons for Starting to Invest

How important were each of the following as reasons why you started investing in the stock market?\*

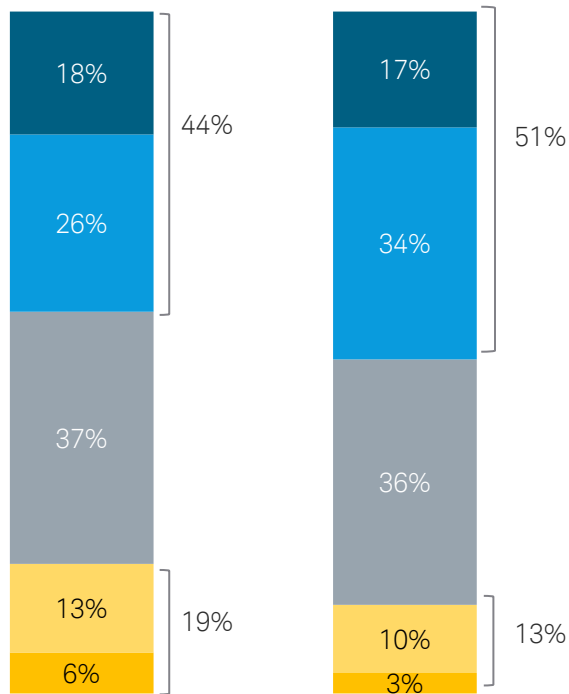


\*Response choices and scale provided

# Agreement with Statements about Financial Services Firms

Please indicate the extent to which you agree or disagree with each of the following statements.\*

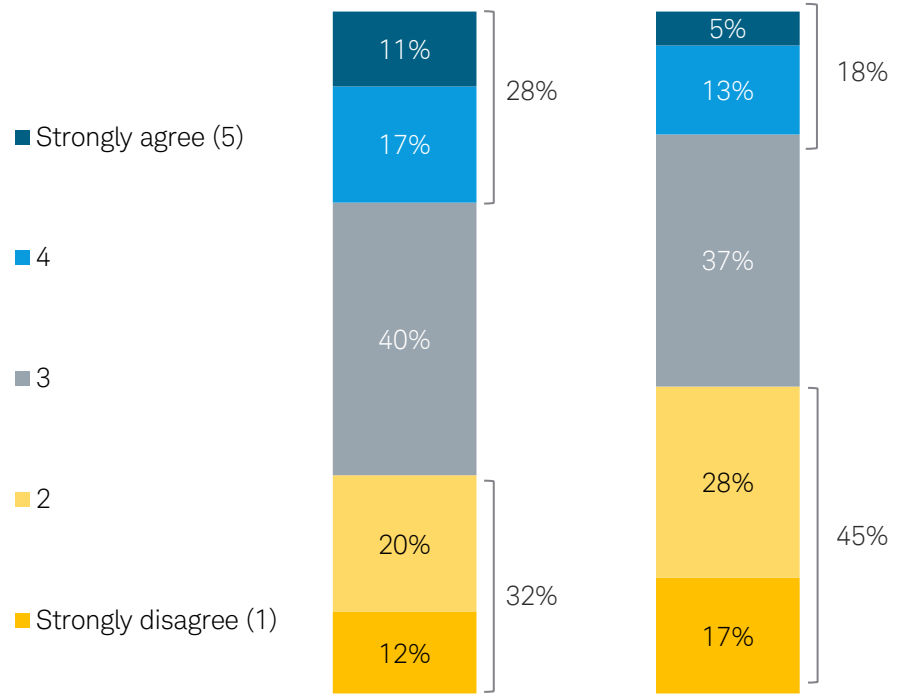
Overall, financial services firms treat people like you with respect



Black Americans

White Americans

Financial services institutions are not trustworthy



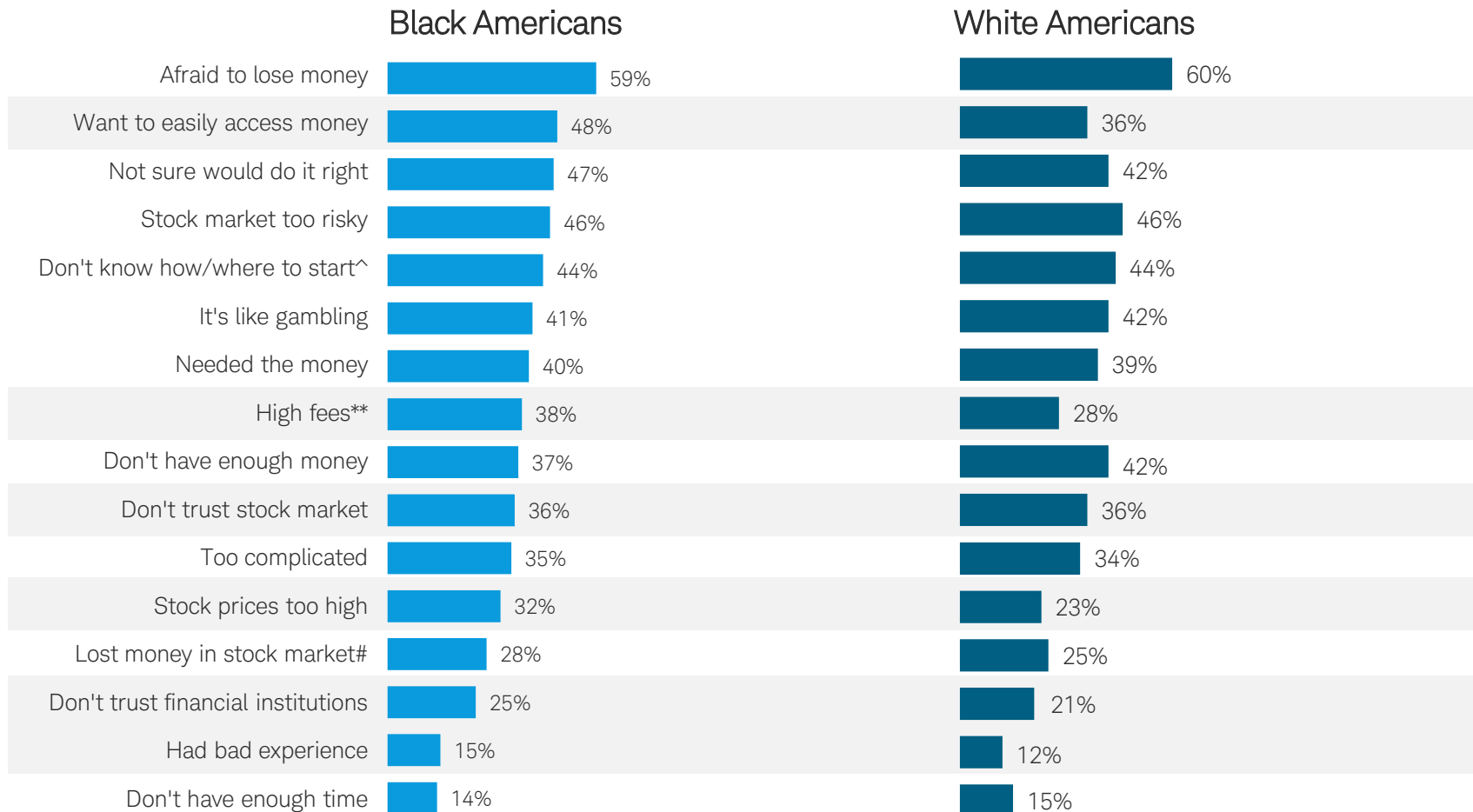
Black Americans

White Americans

\*Response choices and scale provided

# Reasons for Never/No Longer Investing

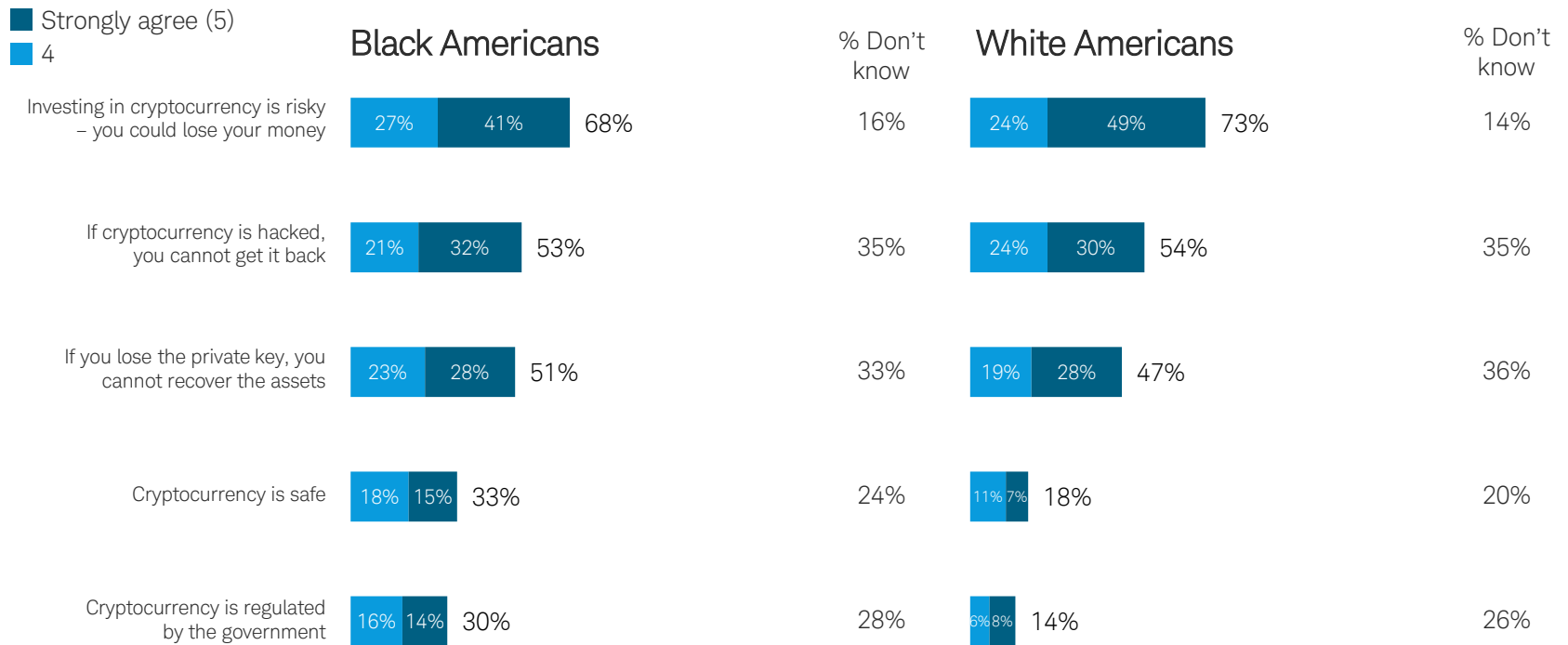
How important are each of the following as reasons why you have never invested/are no longer invested in the stock market?\*



\*Responses choices provided, along with scale as follows: not a reason, somewhat important reason, very important reason

# Agreement with Statements About Cryptocurrency

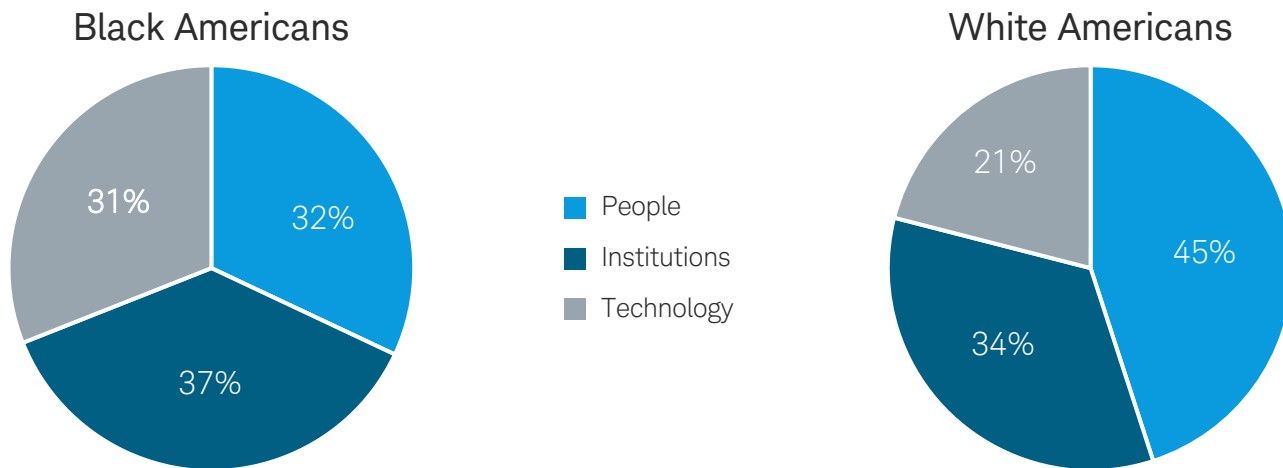
Please indicate the extent to which you agree or disagree with each of the following statements about cryptocurrency.\*



\*Responses choices provided, as well as 5-point scale from 1=strongly disagree to 5=strongly agree; "don't know" was included in the question but is not included in the calculation of the main chart

# Most Trusted to Grow/Protect Money

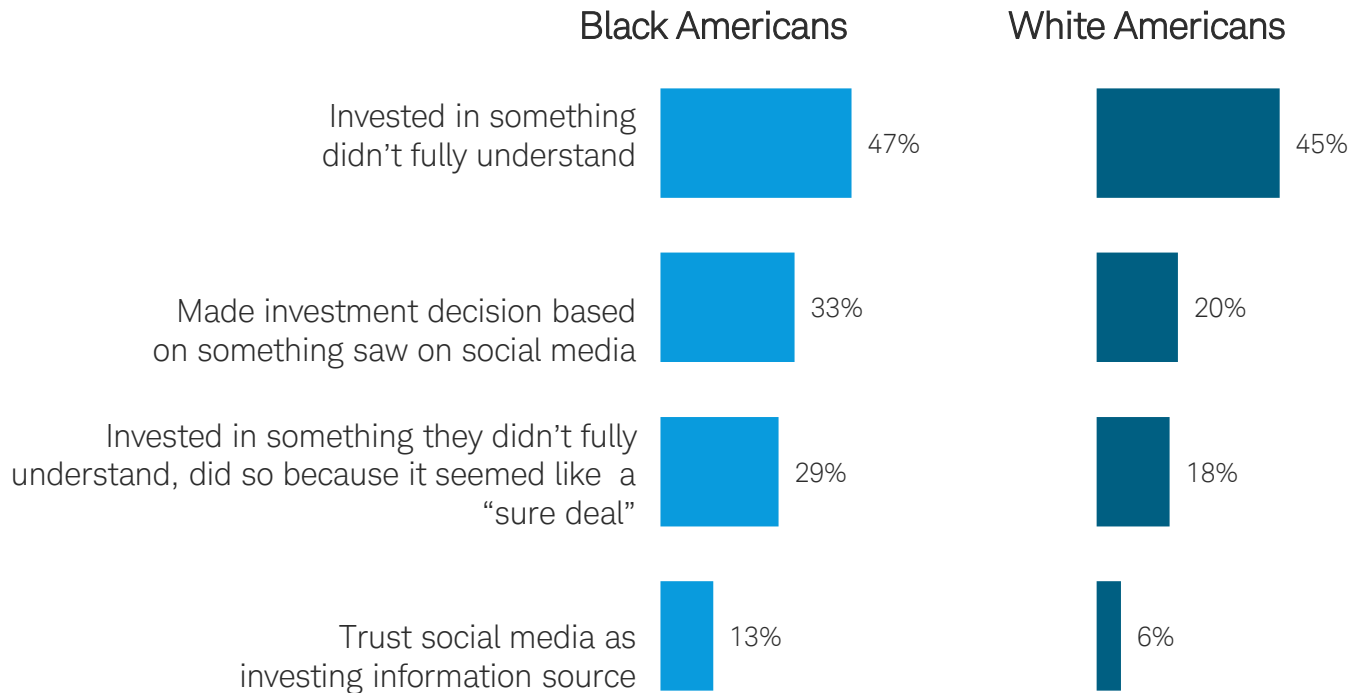
When it comes to growing/protecting your money/assets, which one of the following do you trust the most?\*



\*Response choices provided

# Risky Investment Behaviors

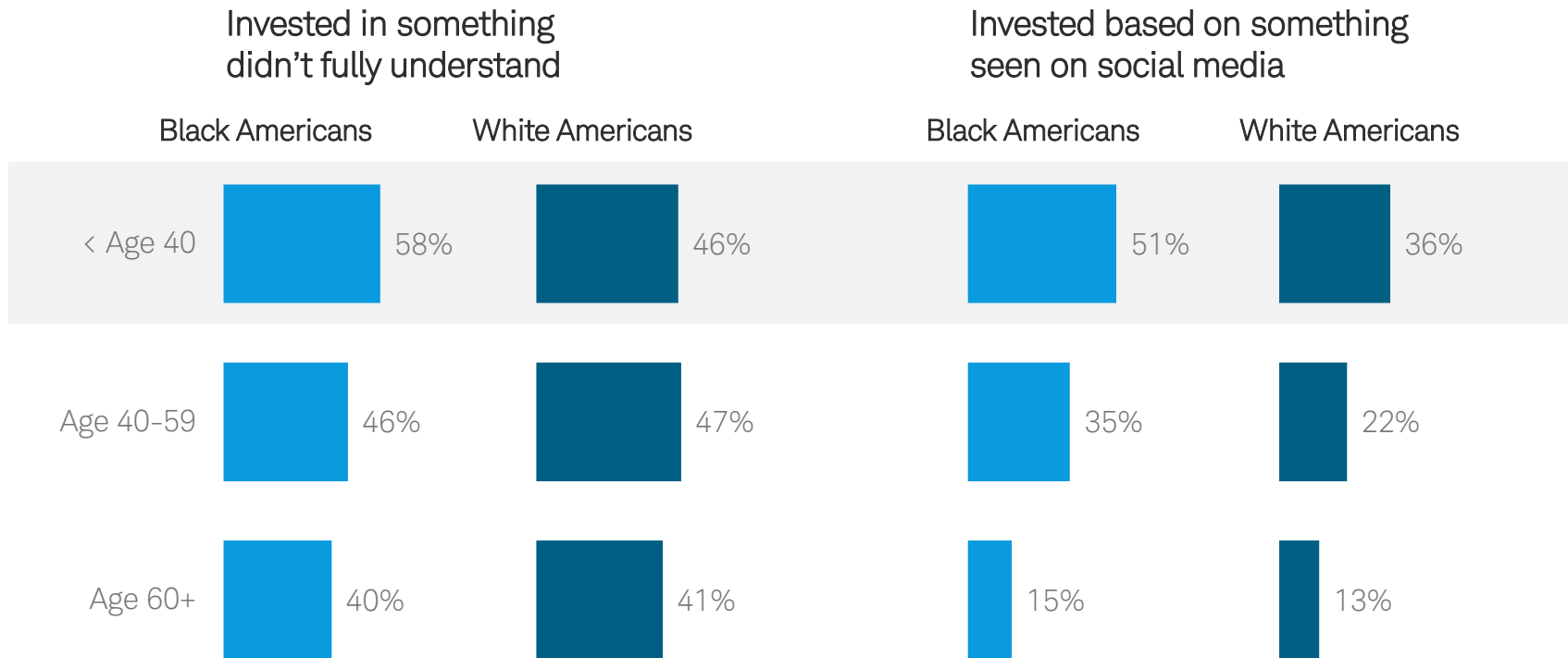
Which, if any, of the following have you ever done?\*



\*Response choices provided

# Risky Investment Behaviors

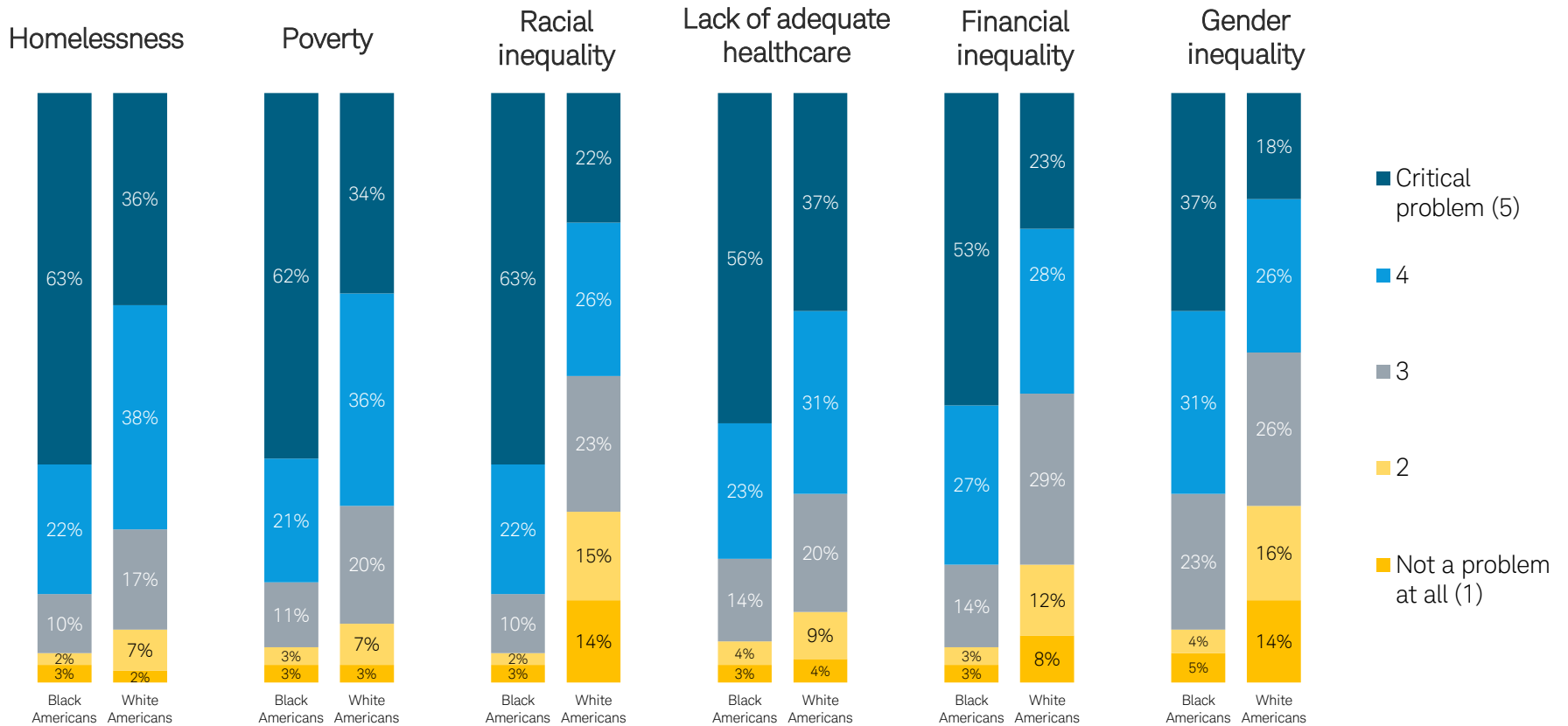
Which, if any, of the following have you ever done?\*



\*Response choices provided

# Perceived Problems in American Society

To what extent do you feel each of the following is a problem in American society?\*

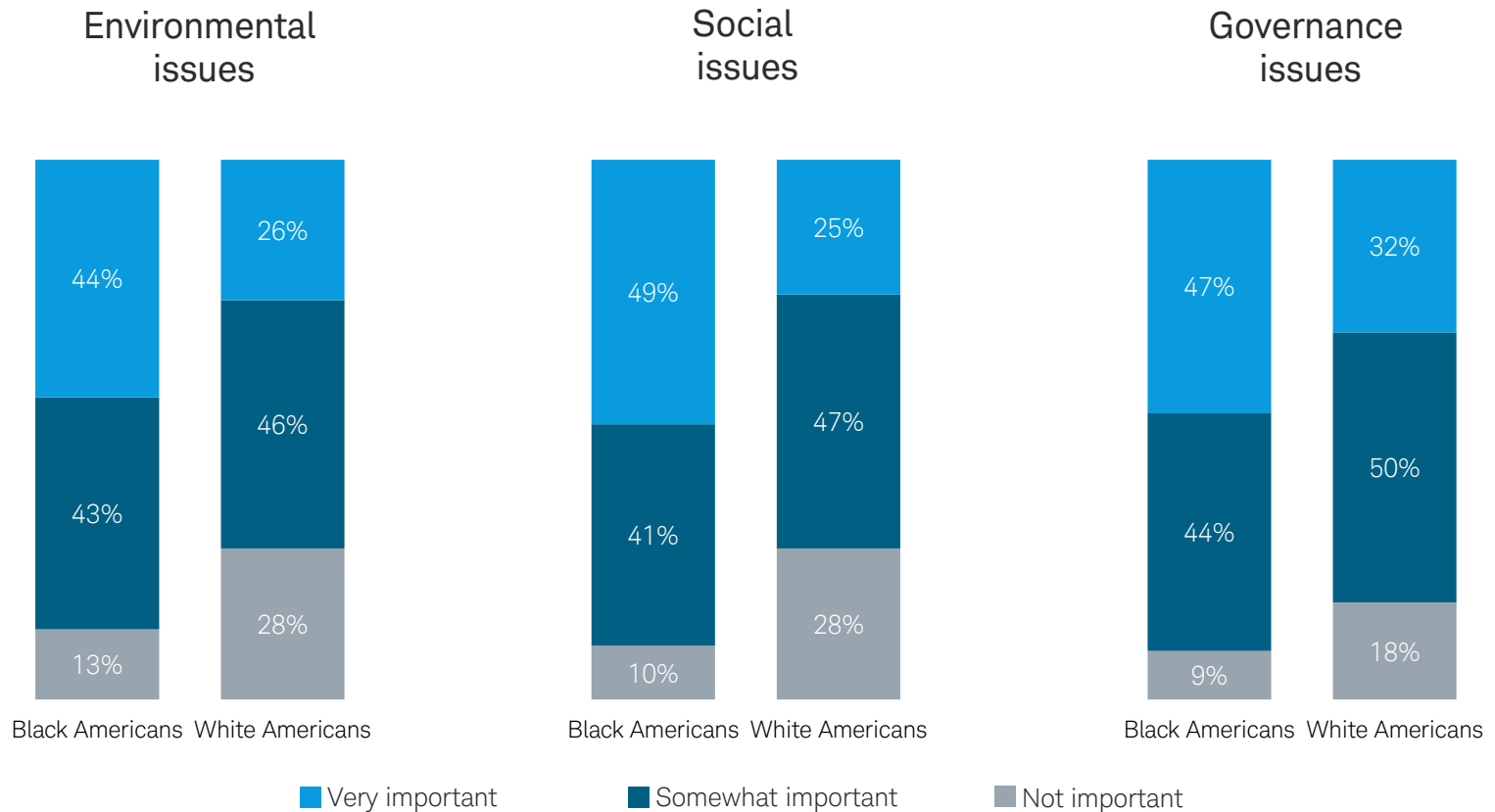


\*Response choices and scale provided



# Importance of E, S, and G

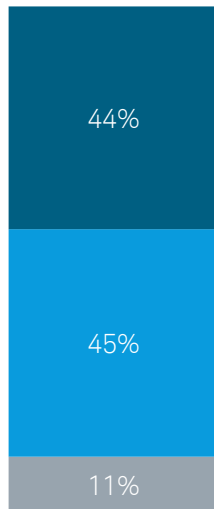
How important is it to you that a mutual fund/ETF consider financial risks and opportunities related to the following issues when making investments?\*



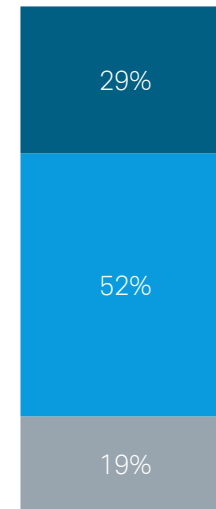
# Importance of Aligning Investments with Personal Beliefs/Values

How important is it to you that your stock market investments are aligned with your personal beliefs or values?\*

Black Americans



White Americans



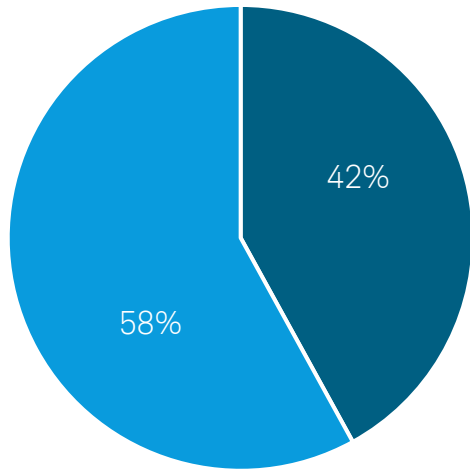
- Very important
- Somewhat important
- Not important

\*Scale provided

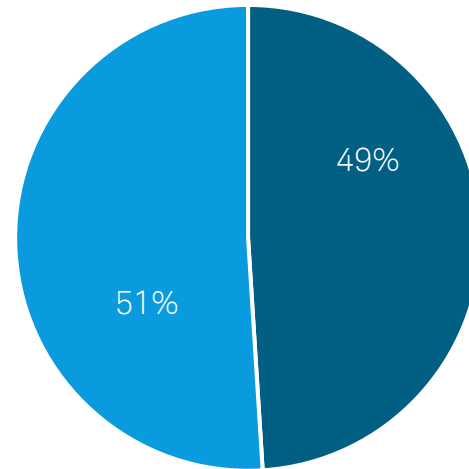
# Primary Reason to Invest in ESG

You indicated earlier that you own ESG (environmental, social, governance) investments. If you had to choose, which one of the following best describes why you invest in ESG?\*

Black Americans



White Americans



- Alignment with values
- Better performance

\*Response choices provided

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# Demographic / Financial Profile

# Demographic/Financial Profile

	Black Americans	White Americans
<b>Age</b>		
18-24	4%	3%
25-29	5%	2%
30-34	8%	3%
35-39	8%	6%
40-44	11%	13%
45-49	11%	6%
50-54	11%	13%
55-59	13%	12%
60-64	11%	15%
65+	18%	27%
Average	50 yrs	54 yrs
<b>Gender</b>		
Female	63%	52%
Male	37%	48%
<b>Marital Status</b>		
Married	42%	67%
Single	33%	14%
Divorced, separated, widowed	15%	13%
Partnered	10%	6%
<b>Family Composition</b>		
Children <18 at home	34%	26%
Children 18+ at home	20%	19%
Children 18+ but <u>not</u> at home	38%	45%
Adult other than spouse/partner at home	26%	16%

	Black Americans	White Americans
<b>Respondent Employment Status 2021</b>		
Employed full-time	60%	50%
Retired	22%	29%
Unemployed	5%	6%
Employed part-time	9%	11%
At-home parent	3%	5%
Furloughed	1%	1%
Student full-time	2%	1%
Student part-time	1%	0%
<b>Total HH Income 2021</b>		
\$50K-<\$75K	45%	38%
\$75K-<\$100K	26%	24%
\$100K-<\$150K	18%	24%
\$150K-<\$250K	7%	10%
\$250K+	4%	4%
Average	\$99K	\$106K
<b>Total Value of Savings and Investments</b>		
<\$5K	17%	11%
\$5K-<\$25K	18%	11%
\$25K-<\$50K	14%	9%
\$50K-<\$100K	19%	12%
\$100K-<\$250K	14%	18%
\$250K-<\$500K	10%	15%
\$500K-<\$1 million	5%	11%
\$1 million+	3%	13%
Average	\$162K	\$339K