

Three reasons you don't see many people of color in the financial services industry — and how to fix it

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Just 6.9% of personal financial advisers are black — 82.2% are white



Just 6.9% of personal financial advisers are black—82.2% are white. GETTY IMAGES

In his college finance classes and later on as a professional at conferences, it was not uncommon for Chris Browning to be one of only a few people of color in the entire room — if that many.

“There was definitely a lack of diversity,” he said. “In similar positions, there were not a lot of people who looked like me.”

Browning, who is now a financial analyst as well as the creator and host of the [Popcorn Finance](#) podcast, found an interest in finance while in college. He was drawn to personal finance subjects because he felt he could share what he learned with others to help them prosper.

And that he has. Although he only views himself as someone helping people gain financial knowledge, Browning says he now appreciates his role as one of the diverse voices in [media talking about money](#).

“I have a new level of respect for the platform I’ve been given, knowing there are impacts of the words I say,” he said.

The Black Lives Matter protests are encouraging more people to listen to the voices of people of color. “Historically, black Americans in this country have not always had the opportunity to see and have access to wider, broader audiences,” he said. “These are valid voices. These are people who are intelligent and can add more.”

Companies across the United States are having conversations about racial injustices in the workforce, too. Specifically the lack of diversity in some cases, which is an industry-wide problem in personal finance.

See: [This early retiree has a unique glimpse into the COVID-19 pandemic – and her side hustle helps people sidestep financial ruin](#)

The financial services industry, particularly in jobs that work directly with individuals, is mostly white, data from the Bureau of Labor Statistics [show](#). Of the 551,000 personal financial advisers in 2019, 82.2% were white, 8.6% were Asian, 6.9% were black and 6.3% were Hispanic. Of the nearly 2 million accountants and auditors, 77.1% were white, 12% Asian, 8.9% Hispanic and 8.5% black. A majority of the 97,000 tax preparers in the country – 77.5% – are white, followed by 16.6% black, 15.2% Hispanic and 5.6% Asian.

Numerous barriers keep candidates of different backgrounds outside of the industry, experts said. It starts young, when people are choosing their career paths in high school and college, but there are also challenges in hiring, retaining and promoting people of color.

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“Our profession is not particularly diverse, and it is actually quite grim,” said Evelyn Zohlen, president of [Inspired Financial](#) and chair of the Financial Planning Association. Zohlen is speaking specifically to Certified Financial Planners, one of the better-known credentials in the financial planning business. Less than 5% of CFPs are black, and the same is true for Latinos, Zohlen said.

Having a more diverse, and inclusive, industry benefits [everyone](#) — the company, the employee and the clients, said Rumbi Petrozzello, principal of financial forensics and litigation firm [Rock Forensics](#) and president-elect of the New York State Society of CPAs. On the company level, having more diversity allows firms to speak with and help more individuals with different backgrounds and needs. Employees see a diverse workplace as somewhere they can be comfortable and grow, while clients feel they’re being understood. “At least in perception, it looks like a company that values everyone is therefore going to value me, prioritize what I want, listen to me and hear what I want before giving advice,” she said.

Although clients can find financial advisers who are a right fit for them regardless their race or gender — and vice versa — some people may feel more comfortable with a professional who has a similar background, said Christian Nwasike, principal and managing partner of [Practice Management Consultants](#), a coaching firm in the financial services industry.

“We owe it to ourselves to get more people of color in chairs to be able to assist these diverse clients with their retirement needs,” he said. Money is a very personal, sometimes taboo, topic, so it helps when clients feel an adviser understands where they’re coming from or has had similar experiences. It’s why firms benefit from having advisers in a range of ages, as younger advisers may not understand unique retirement concerns and it may have been decades since an older adviser had to deal with the day-to-day finances of caring for an infant.

Here are three obstacles keeping people of color out of the financial services industry — and ways to fix it.

Not knowing much, if anything, about the job

Accounting is known as a “generational profession,” where people know about and become accountants because they know a family member or friend who became one, Petrozzello said. This is especially true of Certified Public Accountants, a prestigious accounting credential, she added. “There are many challenges and many theories as to why these numbers are the way they are and one of the first is, ‘do you know about this profession to even think about this space?’” she said.

Browning echoed this story line. His mother was an accountant, so even though he wasn’t initially interested in finance, he felt it was an attainable job to have. “She was in the business world, it was interesting to her and she was making a good living, so it seemed like an option because I saw the example there,” he said. “Especially in school, you don’t know what you want to do and no idea where you want to go in life. You typically start gravitating toward things you see other people doing.”

One solution to this problem: Reach out to high school and college students when they’re still trying to figure out what career they’d like to pursue. Industry organizations,

including the NYSSCPA and the National Association of Black Accountants, have outreach programs for students, including residencies and scholarships. The National Association of Personal Financial Advisors has a student affiliate program for students to “jump-start” their careers. Students can become members of the Financial Planning Association, which allows them to network with professionals in the field. There are many requirements to becoming certified in both accounting and financial planning, including having worked hundreds (or thousands) of hours, and this breaks one of those barriers to becoming a financial professional.

Not every student knows what they want to do for a career, and one popular path to becoming a financial professional is in a nontraditional sense: where people transition from one career to another. That route is harder, Petrozzello said, as they need to get the education, the training, the hours and the network to break into the industry. “I haven’t found the answers for how to make this straightforward for them, but I know there’s a significant portion of people of color who follow that nontraditional path and it is in some ways unnecessarily complicated to become a CPA,” she said.

Getting the job

The hiring process is subjective by nature, but there are often challenges in finding and picking the right people. Part of the problem lies in where to find candidates, Zohlen said. Many firms may go through job boards specific to financial planning, but they may also try broader career sites.

“We go to the same places to find our candidates and if we are feeling we’re not getting diverse candidates for positions when trying to hire, then going to the same places is not necessarily going to lead to a different result,” she said. If the pool of candidates on those sites are not diverse, the applications won’t be either.

The same is true when networking with family or friends. “If I am tapping family and friends, I am only going to get candidates like me or my background,” she said. “There

needs to be some additional effort when we are at the moment of hiring.” One way to do that is by reaching out directly to universities across the country and at all levels, not just Ivy League schools, she said.

Another challenge is in how companies and their hiring managers think about who they choose to work for them. Diversity is important, as is finding the “right fit,” but the two aren’t mutually exclusive, Zohlen said. “The two go hand-in-hand,” she said. Some firms may want to consider developing a blind recruitment process, which strips applications of any information that relates to gender or race, while others might try hiring a professional to help build a more diverse workforce, she suggested.

Interview questions can be the root of a diversity problem, too, Zohlen said. Questions about a candidate’s background may help in getting to know him, but it does little in identifying which is the right fit for the role. Instead, focusing on questions about specific scenarios would help highlight a future employee, such as “if you had to deliver a difficult message to a client, how would you do so?” “The second obviously invites more specificity and also allows you to do an apples-to-apples comparison,” Zohlen said.

Also see: [Black households have 46% of retirement wealth of their white counterparts](#)

Becoming upper-management — and a mainstream voice

Challenges continue even after pursuing and getting the job. A company may be diverse in its lower levels of employment, but it’s important to look at upper-management of the firms, too, Petrozzello said.

Companies in various industries across the country have posted on social media and shared with their clients and shoppers that they’re committed to racial justice and inclusivity, but many consumers say actions are [louder than words](#). Parts of the calls to action include donating time or money, implementing stronger human resources policies,

analyzing pay disparities and promoting minorities to leadership roles.

Pushing for diversity — of race as well as gender — in leadership roles of financial services firms is also crucial, Petrozzello said. Hiring is one aspect of a larger picture, and companies may need to revisit their practices for advancing and retaining talent. “The company is not really benefiting from its diversity because you may find a balance in the hiring process but then the leadership does not reflect that,” she said.

The same can be said of mainstream media, such as in the form of podcasts and YouTube videos. Increasing and amplifying diversity in personal finance from a media perspective will naturally help some people feel comfortable about entering the industry. “It’s great to get exposed to an industry from someone who doesn’t represent your community but it

doesn’t always seem like a real option for some individuals,” Browning said. “Seeing someone who looks like you makes it more real.”



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