Foreword

Consumers in America today have access to a dazzling array of tools powered by the latest technologies to help track and manage their financial lives. They are also backed by a $55 billion industry of financial planners ready to advise them on everything from mixing investments for optimum returns to planning for retirement.[1] Although these services are largely targeted at people of means, the United States also spends $670 million annually on financial education for people with far fewer resources through programs at public schools and nonprofit organizations.[2]

Despite this reality, financial wellness is still elusive for millions of Americans. A Consumer Financial Protection Bureau (CFPB) report on financial well-being found that about one-third of individuals in the United States have difficulty making ends meet and that approximately one in five struggle to afford basic needs like food, housing, and medical care.[3] Given the complexity of the issue, the CFPB report could not attribute people's financial insecurity to any one factor alone but rather noted the impact of many interrelated factors.

Financial well-being is about more than just how well individuals manage their money. Normally, we think that a person's financial life is the sum of his or her financial decisions and knowledge of spending, saving, and investing. Conventional wisdom has us believing that individuals determine their own financial well-being, all else being equal. But all is not equal, or normal, in America.

Society plays a role in determining people's financial lives, guided in no small part by the notions of "belonging" and "othering." Professor john a. powell and Stephen Menendian explain that *belonging* "confers the privileges of membership in a community, including the care and concern of other members," while *othering* "marginalize[s] people on the basis of perceived group differences," rendering them outside the circle of concern. These notions of belonging and othering are so ingrained that they form the basis for policies that invest in and appropriate resources to people we deem to belong, while at the same time extracting from and exploiting those we perceive as the other.[4] These ideas in many ways determine the winners and losers in our financial systems.

The financial consequences for people perceived as other are truly devastating. In the 1930s, for example, the Home Owners' Loan Corporation, a government-sponsored corporation created to help homeowners refinance mortgages in default and prevent foreclosure, mapped neighborhoods comprising predominantly people of color in red ink to signal "infestations" of "Negroes," "Orientals," or "foreigners."[5] Mortgage lenders then used those maps as grounds to deny loans—closing off sources of capital to residents looking to improve their homes—and demand higher mortgage rates from some prospective buyers. For decades, so-called redlining in communities of color severely diminished the appreciation of homes, the major source of wealth for most working Americans to this day. This policy also had the inverse effect in predominantly white neighborhoods of increasing demand for homes, their value, and residents' wealth.

Wealth-stripping based on discrimination and othering is not limited to mortgages, nor is it a thing of the past. In many communities today, fees and fines disproportionately hurt people of color. In 2015, the U.S. Department of Justice released the Ferguson Report, which found police departments and municipal courts guilty of charging high court fines on nonviolent offenses like traffic violations, arresting people who could not pay, and referring unpaid fees to collection agencies, a practice that inflicts enduring financial harm by leaving negative marks on individuals' credit reports.[6]

The Ferguson Report sparked similar investigations all over the country. The Lawyers' Committee for Civil Rights found that four million Californians have had their driver's licenses suspended for inability to pay court-ordered fines and tickets.[7] The authors of that report noted, "These suspensions make it harder for people to get and keep jobs, further impeding their ability to pay their debt. They harm credit ratings. They raise public safety concerns. Ultimately, they keep people in long cycles of poverty that are difficult, if not impossible, to overcome."[8]

Other reports have found similar patterns of discrimination and financial injustice against the "other." A New America Foundation report noted that community banks charge people of color more for opening and maintaining basic entry-level checking accounts. In total, the report concludes, the average fees are $25.53 higher for Asians, $190.09 higher for blacks, and $262.09 higher for Latinx than for whites.[9]

Because notions of belonging and othering inform the policies that frame our social and economic systems, they ultimately determine people's financial futures. Fortunately, these concepts are not fixed, but flexible:

they can expand or contract with social, political, and demographic pressures. America's suffrage, civil rights, and immigrant rights movements are but a few examples of successful efforts to expand our collective circle of concern.

History can be easily forgotten when we turn our attention to perfecting a set of products to help people achieve financial security. Ignoring the social and political dimensions of financial well-being might lead us to build tools that simply reinforce the status quo. Without intentionally challenging the exclusion and criminalization of people who are poor, people of color, and immigrants, our work will be forever incomplete. So too if we do not see the fullness of people themselves, recognize their agency as human beings, and honor their creativity and freedom of choice.

Despite enormous obstacles, people at the margins find ways to manage their financial needs and obligations. What can we learn from their innovative strategies to survive? At Mission Asset Fund (MAF), this fundamental question guides our work with the people we serve: those living in the shadows of mainstream financial systems today. We reject the traditional, worn-out, deficit-based approach that looks at clients as broken, ignorant, and insufficient. Instead, we lift up their strengths as the starting point of engagement. We meet our clients where they are, and we build solutions based on respect for what is already inherently good in their lives.

This values-driven approach allows us to see and appreciate what our clients typically do with their money. Immigrants, for example, have a rich, time-honored tradition of coming together to lend and save resources in groups of trusted family and friends. We built our lending circles program on this informal practice, turning what are known as tandas, susus, or cundinas into financial products that institutions can understand. Lending circle participants sign promissory notes allowing MAF to service and report loan activity to credit bureaus, thereby helping these clients establish or improve their credit scores. We are using the best of finance and technology for good, creating culturally relevant programs and sharing insights to expand the notion of belonging in America.

There is much we need to learn from those at the margins of society today. I am grateful to Professors Frederick Wherry, Kristin Seefeldt, and Anthony Alvarez for working with us to unearth even more insights into the financial lives of our clients.

My decades-long friendship with Dr. Wherry proved to be the starting point for this particular project. We first met in 1994 during a summer program designed to expose college students of color to careers in public policy. We met again years later as graduate students at the Woodrow Wilson School. There we took a small reading course with Professor Alejandro Portes. Our respective career paths were transformed as a result. Now, after twenty years, we have teamed up again, this time to listen and learn from MAF clients about their financial lives.

What we found is just how meaningful debt and credit are for people trying to belong. People yearn to have meaningful relationships, to be seen fully, to be treated with respect and dignity. But cast as the other and confronting barriers to legal status and citizenship, millions of immigrants are blocked from living up to their full potential and their financial security becomes ever more difficult to achieve. Despite the cloud of uncertainty hanging over their lives, they do not give up—they find ways to move forward.

Just like the millions of immigrants who came before them, people today want opportunities to realize the American Dream. They still arrive with that belief that anyone who works hard and contributes meaningfully—who plays by rules that are just and fair—can share in America's prosperity. For immigrants, realization of the American Dream might be symbolized through home or business ownership. It could mean having a better life than their parents did, or their children reaching even higher, attaining a true sense of wellness, financial and otherwise. All of us in this country stand to benefit when this occurs, but people today need more than cutting-edge financial tools or savvy advisers to realize the American Dream. They need to belong.

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