

# EMPOWERMENT ECONOMICS:

## A SERVICE PROVIDER'S GUIDE TO COMMUNITY-CENTERED WEALTH BUILDING

People of color own significantly less wealth than do whites. Households of color have approximately one-tenth the median net worth of white households (\$12,377 and \$110,637, respectively)<sup>1</sup>. Additionally, wealth disparities are concentrated within each racial group and this is especially true for AAPIs, who are ethnically, demographically, and economically diverse. The wealthiest AAPIs hold 168 times the wealth of the bottom 20% and this wealth gap is larger than for any other racial/ethnic group<sup>2</sup>. AAPIs who are in poverty are the fastest growing population since the Recession, increasing by 10% more than the general poverty population<sup>3</sup>. The need for new strategies like Empowerment Economics is increasingly urgent, as the wealth gap continues to grow.

### WHAT IS EMPOWERMENT ECONOMICS?

Empowerment Economics is a culturally responsive multi-generational approach to financial capability in low-income Asian American and Pacific Islander (AAPI) communities. Traditional financial capability focuses on wealth building at the individual level. In contrast, Empowerment Economics focuses on collective wealth building at the community level. Empowerment Economics creates transformational opportunities for building community self-determination and wealth. It provides a framework of various elements that have been effectively used in low-income AAPI communities. Other low-income communities, especially other communities of color, could benefit from adapting the framework to meet their financial needs.

In AAPI communities cultural values and multi-generational communication strongly inform personal finance and wealth building practices. Empowerment Economics most effectively serves AAPI communities by incorporating these elements into core service methods. In addition, Empowerment Economics emphasizes the role of trusted and known community leaders, peer-to-

peer sharing, and shame-free dialogue on topics such as savings, debt, credit, and income. Empowerment Economics honors existing cultural practices and complex intersectional identities in defining and approaching financial security.



*Native Hawaiian families doing Empowerment Economics financial education at Hawaiian Community Assets*

### PROVIDER PERSPECTIVES

In 2017, National CAPACD, Hawaiian Community Assets (HCA), and the Institute on Assets and Social Policy (IASP) surveyed 54 direct service providers about current financial capability services they provide to AAPI communities. Responses were published in *Innovations in Financial Capability: Culturally Responsive & Multigenerational Wealth Building Practices in Asian Pacific Islander (API) Communities*. A majority of providers highlighted cultural relevance and multi-generational approaches as the most effective means to engage and serve their clients. In addition, providers noted the availability of translators and interpreters as important for improving client trust and understanding of western financial systems. Financial service providers are already aware of the effectiveness of these elements central to Empowerment Economics and are working to incorporate them more broadly across their programs.

National CAPACD member HCA developed the concept of Empowerment Economics through their work with Native Hawaiians. Empowerment Economics has proven to be highly successful within the Native Hawaiian community, as detailed in National CAPACD's Foundations for the Future report. One participant noted, "I dragged my dad to the class. I told everyone I could tell about the HCA class. I was like, you have to go. It's very educational in a sense that you can relate to everything that they're going to talk about. So, I feel this program is a great bridge for the people I know and where they want to be." The content of the class was rooted in familiar cultural practices and addressed this woman's family and community multi-generational wealth building goals.

National CAPACD member organization [HANA Center](#) serves Korean American and other immigrant communities in Chicago. HANA Center incorporated certain aspects of the Empowerment Economics model to meet the financial capability needs of its community. Youth at HANA Center participated in traditional financial capability education but felt that practices such as accumulating savings, getting out of debt, or building credit scores are hard to put into practice while they are not earning consistent wages. HANA Center responded to this and pivoted to a collective wealth building model which was run by the youth themselves. The youth now learn financial capability through collective budgeting and planning with their program funds. The youth feel a sense of agency, build leadership skills, and are shifting their financial thinking from short to longer term goals.

HANA Center reported that youth are building on their newfound skills and applying them to other areas of their lives such as preparing for college expenses.

Both National CAPACD member organizations were able to effectively use elements of Empowerment Economics although target client demographics and geographic locations differed.

## RESOURCES FOR ADAPTING EMPOWERMENT ECONOMICS

National CAPACD provides resources to adapt Empowerment Economics for your organization including the report, [Foundations for the Future](#), and forthcoming Empowerment Economics evaluation framework. These reports provide HCA's experiences as a case study and also provide a complete overview, findings, stories, and recommendations.

Empowerment Economics has great potential for identifying and measuring aspects of financial capability that are critical for serving AAPI and other communities of color effectively. Indeed, many AAPI-serving organizations already provide some of these services. Our forthcoming evaluation framework will allow organizations to report on the full range of their work and measure the effectiveness of services to meet clients' needs. The framework will also help organizations to identify other areas of Empowerment Economics to expand on. For more information on Empowerment Economics, please contact National CAPACD at [rosalyn@nationalcapacd.org](mailto:rosalyn@nationalcapacd.org).



Thank you to AARP, JPMorgan Chase & Co, and the W. K. Kellogg Foundation for funding National CAPACD's work on Empowerment Economics

1: <https://prosperitynow.org/resources/fact-file-racial-wealth-gap-growing>

2: <http://www.nationalcapacd.org/wp-content/uploads/2017/10/Foundations-for-the-Future-Report.pdf>

3: [http://www.nationalcapacd.org/wp-content/uploads/2017/08/aapi\\_poverty\\_report.pdf](http://www.nationalcapacd.org/wp-content/uploads/2017/08/aapi_poverty_report.pdf)