RAIS RESEARCH ASSOCIATION for INTERDISCIPLINARY STUDIES
June 5-6,2025

DOI: 10.5281/zenodo.16218628

Supporting a Culturally Responsive Approach to Financial Literacy

Natasha Dawn Harris[1], Darrell Norman Burrell[2]

[1]Marymount University, USA ndh88471@marymount.edu
[2]Marymount University, USA, ORCID: 0000-0002-4675-9544, dburrell@marymount.edu
Corresponding author: Natasha Dawn Harris: ndh88471@marymount.edu

Abstract: This narrative literature review interrogates the racialized dimensions of financial literacy in the United States, with a specific focus on the African American community. While conventional frameworks define financial literacy as a set of objective skills necessary for budgeting, saving, and investing, such approaches often overlook the socio-structural realities that constrain financial decision-making among marginalized populations. Drawing from a synthesis of empirical studies, policy reports, and theoretical literature, this review reconceptualizes financial literacy as a multidimensional construct shaped by systemic inequality, economic precarity, and adaptive expertise. Disparities in financial knowledge and capability are shown to be tightly linked to broader patterns of racial wealth stratification, income volatility, and discriminatory access to credit. Although African Americans demonstrate resourceful financial behavior, particularly in debt management, persistent gaps in areas such as insurance literacy and investment knowledge reflect both historical exclusion and contemporary neglect in financial education policy. The review critiques deficit-based models that ascribe financial fragility to individual failure, instead advocating for a more expansive approach of engagement, education, and strategy. This inquiry underscores the urgent need for equity-centered policies that go beyond instructional remedies to address the racialized architecture of economic opportunity. Ultimately, the findings call for a paradigmatic shift in how scholars, educators, and policymakers conceptualize, measure, and promote financial literacy in racially diverse contexts.

Keywords: Financial Literacy, Racial Wealth Gap, African American Finance, Structural Inequality, Critical Financial Literacy, Financial Precarity, Financial Education Policy

JEL Codes: D14, G53, I24, J15, I38

Type of manuscript: Review paper

Introduction

In contemporary American society, financial literacy is not merely a set of technical proficiencies but an essential competency that underpins an individual's ability to navigate an increasingly complex economic landscape. The ubiquitous presence of financial instruments, credit and debit cards, mortgages, student loans, and digital payment platforms, has magnified both the importance of financial literacy and the challenges of achieving it. As the economy becomes more interwoven with daily life, disparities in financial literacy rates among racial and ethnic groups have gained scholarly and policy attention. The growing urgency to understand these disparities is underscored by the persistent racial wealth gap, which functions not only as an economic reality but as a structural barrier to full civic and social participation.

Financial literacy must be understood within the contours of the racialized American economy. Though African Americans contribute significantly to national economic productivity, their financial well-being lags in multiple areas, median household income, net worth, and student loan burden (National Urban League, 2025). These disparities are not simply statistical artifacts; they translate into everyday realities. For example, while African Americans show relative strengths in managing borrowing and debt, they score notably lower in domains such as insurance literacy, risk comprehension, and investment knowledge (National Urban League, 2025). This divergence suggests a gap not in cognitive capacity but in access to financial education and tailored resources.

The daily lived experience of financial stress further reveals the depth of financial precarity. A majority of Black adults surveyed report chronic economic anxiety, with 55% indicating they experience financial worries on a daily or near-daily basis (Edwards, 2024). Approximately 28% state they would be unable to sustain their household for even three months in the event of job loss. Despite this, their financial goals remain aspirational and values-driven: 67% prioritize being debt-free, and 65% define financial success as the freedom to engage in personally meaningful activities (Edwards, 2024). These figures underscore the resilience and clarity of financial intention within a context of systemic constraint.

Conventional models of financial literacy often frame it as a neutral, individual trait, emphasizing knowledge acquisition and decision-making skills. However, such models risk pathologizing the poor and marginalized for their presumed deficiencies while ignoring the structural limitations they face. As researchers have noted, individuals operating under chronic financial stress experience cognitive bandwidth depletion akin to those facing acute personal crises (National Urban League, 2025). Thus, labeling a person financially illiterate for not prioritizing long-term savings over immediate needs, such as food or rent, misrepresents the rationality embedded in their choices.

A vivid example that illustrates the limitations of traditional financial literacy models is the difficult and recurring "financial dilemma" confronting many low-income families: the urgent need to choose between paying the rent or purchasing groceries. This is not a reflection of poor planning or ignorance, but rather the consequence of enforced economic scarcity that severely restricts personal agency. When families are placed in positions where all available options lead to some form of deprivation, such as risking eviction to feed their children or going hungry to remain housed, the standard assumptions of financial literacy break down. These are not choices made from a lack of knowledge but from a lack of viable alternatives. For instance, a single parent earning minimum wage may understand budgeting principles thoroughly yet still find their income insufficient to meet monthly expenses, especially when faced with sudden costs like a car repair or a medical bill. These realities underscore the urgent need to redefine financial literacy in a way that includes not just technical skills like balancing a budget or understanding interest rates, but also structural awareness, recognizing how housing costs, healthcare access, wage inequality, and discriminatory practices shape financial choices. A more inclusive definition must honor the adaptive intelligence and resilience required to navigate chronic financial hardship. It must shift from viewing financial literacy as merely individual competence toward understanding it as the capacity to survive, strategize, and persist within structurally constrained environments.

In rethinking financial literacy, it is essential to incorporate critical awareness, or what some also call "critical financial literacy "that includes not only the ability to manage finances but also the capacity to reflect on the social and economic structures influencing financial life. For example, teaching someone how to calculate interest rates is insufficient if they remain trapped in predatory lending cycles. Similarly, promoting retirement planning without acknowledging intergenerational wealth disparities and employment precarity offers little utility. Financial literacy should thus be reconceptualized as a dynamic interplay between personal agency and structural constraint.

Financial literacy in the United States is a deeply stratified phenomenon, with race serving as a crucial axis of difference. While quantitative metrics offer a partial view, they must be supplemented by qualitative insights into how individuals navigate financial landscapes shaped by exclusion, exploitation, and endurance. The African American experience, marked by both profound economic contribution and persistent structural marginalization, serves as a critical case for understanding the limitations of traditional financial literacy paradigms and the promise of more inclusive, equity-driven approaches.

Problem Statement

The problem at the heart of this inquiry is the unequal distribution of financial literacy in the United States, particularly among Black, Hispanic, and Native American communities, compared to their White and Asian counterparts. These disparities are not isolated educational deficits; they are entangled with broader structural inequalities that manifest in diminished access to financial tools, exposure to predatory lending, income volatility, and lower intergenerational wealth transmission. For instance, despite a general post-recession trend of improved financial stability between 2009 and 2018, the capacity to save and withstand economic shocks remained stratified along racial lines (National Urban League, 2025). While White Americans improved their ability to meet basic expenses by 16%, Black Americans saw only a 9% improvement (National Urban League, 2025). The differential ability to recover from unexpected income losses during the same period is a vivid indicator of this systemic imbalance.

Purpose of this Inquiry

This narrative literature review seeks to examine the racial disparities in financial literacy within the United States, with a particular emphasis on the African American community through frameworks, models, research, and theories. The aim is to synthesize existing scholarship and data that interrogate the intersection of race, socioeconomic status, and financial capability. This review aims to contextualize the current state of financial literacy not simply as an educational goal, but as a structural phenomenon shaped by institutional forces and cultural histories. In doing so, the review moves beyond deficit-based interpretations and considers the lived experiences, adaptive strategies, and financial philosophies of marginalized groups with an intent of developing real world, actionable, and practical solutions.

Significance of the Inquiry

The stakes of this inquiry are profound. Financial literacy functions as a gatekeeper to economic opportunity and resilience. A more comprehensive understanding of its distribution and determinants is essential for developing effective interventions and policies aimed at closing the racial wealth gap. Furthermore, highlighting the cultural, historical, and structural dynamics behind financial literacy disparities can help shift the narrative away from individual blame and toward systemic accountability. For instance, while African Americans exhibit lower average scores on the Personal Finance (P-Fin) Index, averaging 38% correct responses compared to 55% among White Americans, these figures belie a deeper truth: financial acumen often manifests in resourcefulness rather than textbook knowledge (National Urban League, 2025). Many low-income Black families exhibit expert budgeting practices under duress; a form of practical literacy developed in the crucible of scarcity.

Nature of the Inquiry

The nature of this inquiry is interpretive and integrative. It employs a narrative literature review methodology to synthesize a variety of empirical data, policy reports, research studies, and theoretical frameworks that explore financial literacy among racialized populations, particularly Black Americans. Rather than testing a hypothesis or conducting meta-analysis, this review constructs a nuanced, context-rich narrative that illuminates the complexity of financial literacy as a lived and contested domain. The review recognizes that traditional definitions of financial literacy, often centered on objective financial knowledge, fail to account for the psychosocial, theoretical, and structural constraints that shape economic decision-making in marginalized communities.

Literature Search Strategy

To establish a robust foundation for this inquiry, a deliberate and iterative literature search strategy was employed, designed to surface the most relevant and methodologically rigorous studies at the intersection of financial literacy education, culturally responsive pedagogy, and financial management skills. This process drew upon a range of scholarly databases, including EBSCOhost, ProQuest, ERIC, Google Scholar, and JSTOR, using Boolean search strings that combined key terms such as "financial literacy," "financial pedagogy," "culturally responsive teaching," "financial knowledge," and "wealth accumulation." For instance, a targeted search pairing "financial education" with "cultural relevance" yielded case studies on immigrant learners. In contrast, a broader string, such as "African American educators AND financial instruction," led to insights on institutional challenges and pedagogical innovation. Emphasis was placed on literature published between 2010 and 2024 to ensure both temporal relevance and a reflection of contemporary discourse. However, seminal works such as Ladson-Billings' (1995) on culturally relevant pedagogy and Zimmerman's (1995) on empowerment were retained, regardless of publication date, due to their enduring theoretical value.

Each selected source was evaluated not only for relevance to the study's guiding questions but also for its contribution to a deeper understanding of intersectionality, educator voice, and equity in educational contexts. Over 199 article abstracts were reviewed and over 30 peer-reviewed articles, policy reports, and empirical studies were thematically coded to align with the chapter's three primary domains: financial literacy education, culturally responsive pedagogy, and the experiences of African American financial management. For example, studies that examined both the content and context of financial education delivery, particularly those that highlighted the sociocultural dimensions of varying levels financial literacy and the implications of those levels, were prioritized. This strategic approach ensured that the literature review would not merely compile findings but instead offer a critical, cohesive narrative that highlights structural barriers, cultural dissonance, and promising practices in financial education for marginalized communities.

Empowerment Theory

Originating from community psychology and social work, Empowerment Theory conceptualizes empowerment as both a process and an outcome, emphasizing an individual's capacity to gain control over their life circumstances and participate meaningfully in shaping their environment (Rappaport, 1981; Zimmerman, 1995). Zimmerman's operationalization of psychological empowerment focuses on three core components: perceived control, critical awareness, and participatory behavior. Imagine, for example, a student who once felt overwhelmed by personal finance but, after engaging in culturally relevant instruction, gains the confidence to question predatory lending practices and make proactive financial decisions. This transition reflects not just increased knowledge but a psychological shift, a hallmark of empowerment. In educational contexts, this theory has informed pedagogical strategies that aim to cultivate student agency, promote critical consciousness, and affirm students' lived experiences as valid sources of knowledge. Within financial literacy education, Empowerment Theory underscores the idea that effective instruction must do more than convey information; it must build the learner's self-efficacy and capacity to act. This framework is particularly salient for African American faculty, many of whom view financial education as a means of restoring agency in communities that have been denied economic sovereignty for a long time.

Capability Approach

The Capability Approach, pioneered by Amartya Sen (1999) and later expanded by Martha Nussbaum, offers a transformative framework for evaluating individual well-being not by measuring economic output or access to resources alone, but by assessing what individuals are genuinely able to do and become. Central to this theory is the distinction between "functioning's," or achieved states of being (e.g., owning a home), and "capabilities," the substantive freedoms and opportunities available to realize those states (Sen, 1999; Robeyns, 2005). In the context of financial literacy, this distinction is pivotal. Consider two students who learn about investing: one comes from a community with generational wealth and access to brokerage accounts, while the other navigates financial insecurity and distrust of formal banking systems. Although both acquire the same knowledge, only one may have the freedom to act on it. The Capability Approach urges educators and policymakers to address these disparities by not only providing instruction but also removing structural barriers that constrain choice.

For African Americans, whose financial realities are often shaped by intergenerational poverty, limited access to capital, and systemic discrimination, financial literacy instruction must go beyond abstract concepts. African American faculty, informed by both personal experience and cultural awareness, may intuitively design lessons that empower students to envision and pursue financial outcomes once perceived as out of reach. This could include teaching credit-building strategies with explicit acknowledgement of historically biased lending systems, thereby expanding not only financial knowledge but also the capacity to act within oppressive structures.

Life Course Theory

Life Course Theory, developed by sociologist Glen H. Elder Jr. (1974; 1998), provides a framework for understanding how individual trajectories are shaped by the interplay of personal choices, historical forces, and social structures across time. It highlights key principles such as historical context, the timing of life events, linked lives through social relationships, and cumulative advantages or disadvantages.

This theory is especially relevant to African American faculty whose lived experiences are often shaped by both structural constraints and personal agency. Life Course Theory enables a richer appreciation of how such educators navigate professional development, economic mobility, and pedagogical identity within broader sociohistorical currents. Their approaches to financial literacy may reflect lessons learned across key transitional moments such as managing student loans, enduring housing discrimination, or supporting extended family through economic crises. These moments do not exist in isolation; they become part of a cumulative journey that influences how financial education is taught, whom it is intended to serve, and why it matters. Within this study, Life Course Theory provides the scaffolding to examine how faculty members' life histories inform their financial pedagogy, offering critical insight into how personal narrative intersects with institutional practice. By centering on life experiences, the theory affirms that teaching financial literacy is not just an academic task; it is an act of storytelling, resistance, and building generational legacy.

Financial Literacy Education

Financial literacy has evolved from a peripheral concern into a national educational priority, particularly following the 2008 financial crisis, which underscored the devastating consequences of widespread financial illiteracy. Early 20th-century consumer education has since transformed into more formalized, policy-driven initiatives, such as the establishment of the Jump$tart Coalition for Personal Financial Literacy and the U.S. Financial Literacy and Education Commission (FLEC). Scholars like Lusardi and Mitchell (2014) argue that financial literacy functions as essential human capital. Its absence can contribute to long-term economic instability, while its presence can foster informed financial choices and personal security. For example, a student who understands the impact of credit utilization and interest rates may be better equipped to avoid predatory lending practices and high-interest debt, thereby strengthening their long-term financial trajectory.

However, this promise is not equally fulfilled across all communities. Financial literacy education remains riddled with challenges related to access, instructional design, and cultural relevance. Marginalized populations, particularly African American and Latino communities, frequently face systemic obstacles to financial knowledge and wealth-building resources. Williams, Grizzell, and Burrell (2011) emphasize that early and culturally situated financial instruction is crucial to mitigating these barriers and promoting sustainable economic stability. Yet, many financial education programs fail to translate theoretical knowledge into actionable, real-world decision-making, especially when instructors are not adequately trained or supported (Dwyer et al., 2020). The persistent use of generic, one-size-fits-all curricula often disregards the socioeconomic realities and historical disenfranchisement faced by learners of color (Darity et al., 2017). These issues highlight a pressing need to reframe financial education not simply as a technical skill set, but as a social justice intervention, one that acknowledges cultural context, institutional inequities, and the lived experiences of those it aims to serve.

Culturally Responsive Pedagogy

Culturally responsive pedagogy (CRP), rooted in the pioneering work of Ladson-Billings (1995) and Gay (2000), is an instructional philosophy that affirms students' cultural identities as assets in the learning process rather than obstacles. This pedagogical approach promotes three essential outcomes for marginalized learners: academic achievement, cultural competence, and sociopolitical consciousness. Gay (2000) argues that CRP involves integrating students' cultural knowledge, experiences, and values into all aspects of teaching to foster deeper engagement and holistic understanding. For instance, a financial literacy lesson on wealth accumulation might become more resonant when it includes examples from Black entrepreneurship, historical redlining practices, or community-based lending traditions, anchoring financial concepts in the cultural and historical realities of the students' own lives.

Effective CRP transcends curriculum content alone. It is relational, reflective, and justice-oriented, requiring educators to build authentic relationships, interrogate their own biases, and recognize the sociopolitical dimensions of the classroom. This is particularly vital in financial education, where abstract concepts such as investment or creditworthiness can feel irrelevant or even alienating when detached from students' lived experiences. Culturally grounded financial education might address challenges such as mistrust of banking institutions, systemic exclusion from credit markets, or the role of mutual aid within underserved communities. Through this lens, the classroom transforms from a neutral space into a site of empowerment and cultural validation.

African American Faculty Experiences

African American faculty remain profoundly underrepresented in higher education, particularly within business disciplines. As of 2025, only 7.3% of U.S. business professors identify as African American, with even fewer occupying senior leadership or tenured positions (Zippia, 2025). This underrepresentation is not merely numerical; it is symptomatic of deep-rooted institutional inequities such as implicit bias in hiring and promotion, cultural taxation, and systemic marginalization (Griffin, 2020). Cultural taxation refers to the unspoken expectation that faculty of color assumes additional labor, including mentoring students of color, serving on diversity committees, and mediating racial tensions, without formal recognition or compensation. For example, an African American business professor may find themselves guiding students through culturally complex financial topics while also carrying the burden of institutional representation and advocacy. These dual roles, though often invisible, require emotional labor and cultural agility that are rarely acknowledged in performance evaluations.

Despite these challenges, African American faculty often serve as critical agents of empowerment and transformation. They provide mentorship, advocate for inclusive policy changes, and infuse their curricula with culturally grounded perspectives that affirm and uplift marginalized students. Their presence alone can shift classroom dynamics, offering students, especially those of color, a mirror in which to see their potential more clearly. These faculty members often model resilience and leadership while challenging dominant narratives about who holds financial knowledge and authority. Their lived experiences and pedagogical innovations are vital to developing financial literacy models that are not only instructive but liberatory. However, their voices remain largely absent in financial literacy scholarships, representing a significant gap that this study seeks to address.

Intersection of Themes

While culturally responsive pedagogy has gained traction in broader educational discourse, its application within financial literacy instruction remains markedly limited. Too often, financial education is delivered through a culturally neutral or "color-blind" framework that fails to address the lived realities of learners from marginalized backgrounds. For example, a lesson on credit management that omits discussion of discriminatory lending practices or credit score disparities ignore the structural barriers many African American families face. This instructional oversight diminishes both relevance and impact. Simultaneously, African American faculty who often possess the cultural fluency and lived insight necessary to contextualize financial concepts are seldom consulted in the design of financial education programs. Their absence in both curriculum development and scholarly literature reinforces a narrow, decontextualized approach to financial learning that overlooks systemic inequity.

This intersection of themes reveals a critical void in the literature. This hole or gap includes the need to understand how African American educators conceptualize, adapt, and deliver financial literacy in ways that reflect and respond to cultural identity, historical trauma, and community resilience. These educators are not merely instructors; they are cultural interpreters and advocates who translate financial concepts into accessible, affirming, and empowering learning experiences. Their pedagogical strategies often fuse theory with testimony, data with narrative, and abstract principles with lived examples. The convergence of financial literacy education, culturally responsive teaching, and African American faculty perspectives thus presents an untapped opportunity for transforming financial education into a practice of equity, belonging, and liberation. This study stands at that nexus, illuminating the voices and strategies of that best positioned to reimagine financial empowerment through a culturally informed lens.

Impact of Demographic Factors on Financial Education Initiatives

Demographic variables, such as socioeconomic status (SES), age, and educational background, exert a profound influence on both access to and the effectiveness of financial literacy initiatives. Individuals from lower SES backgrounds often face systemic obstacles, including limited access to formal banking, lack of disposable income, and financial instability, that inhibit meaningful participation in educational programs (Lusardi et al., 2014). Imagine a financial literacy course that assumes students can build emergency savings without acknowledging the reality of income volatility, food insecurity, or unstable housing conditions disproportionately affecting low-income learners. Smith and Jones (2019) argue for financial programs tailored to participants' economic realities, rather than those that reinforce normative assumptions about wealth accumulation. Without such tailoring, financial education can become tone-deaf, perpetuating rather than addressing inequality.

In addition to SES, age and educational attainment influence learners' receptivity to financial education. Brown and White (2020) found that younger learners often prefer interactive, tech-driven instruction, while older adults benefit from structured, traditional delivery methods. This generational variation necessitates a differentiated approach, one that takes into account cognitive development, preferred learning modalities, and life-stage relevance. For example, a retiree may need guidance on optimizing Social Security, whereas a recent graduate may be navigating student loan repayment. Johnson et al. (2018) emphasize the importance of embedding lifelong learning principles within financial education to accommodate evolving needs across the lifespan. Taken together, these demographic factors call for a more nuanced, inclusive design of financial literacy programs, one that acknowledges difference not as a challenge to be overcome, but as a reality to be embraced in pursuit of more equitable educational outcomes.

Factors Affecting the Success of Financial Literacy Programs

The success of financial literacy programs hinges not only on content but on the intentional design and delivery mechanisms that facilitate engagement, retention, and application. Programs that incorporate real-life examples, case studies, and hands-on exercises consistently outperform those that rely solely on lecture-based instruction (Garcia & Martinez, 2018). For instance, asking participants to create a personal spending plan based on fluctuating income scenarios can deepen understanding more effectively than abstract definitions of budgeting. Johnson et al. (2019) further underscore the value of integrating behavioral economics principles such as framing, nudges, and default settings to better align financial education with how people naturally make decisions. When learners are guided to pre-commit to savings or visualize the long-term consequences of impulsive spending, their behaviors begin to shift from passive awareness to active financial agency.

Participant engagement remains a cornerstone of program effectiveness. Research by Lee and Kim (2020) demonstrates that experiential learning methods, such as peer discussions, role-playing, and scenario analysis, enhance knowledge retention and behavioral follow-through. Similarly, gamification strategies, such as reward systems and progress tracking, have been shown to boost motivation and participation (Jones et al., 2021). These approaches not only make financial learning more dynamic but also more personally meaningful. When learners see themselves in the scenarios, hear their challenges reflected in the case studies, or feel a sense of achievement from reaching milestones, financial education transcends rote instruction and becomes transformative. Thus, the structure and delivery of financial literacy programs must evolve to meet learners where they are, leveraging interactivity, behavioral insight, and cultural relevance to maximize impact.

Socio-Cultural Influences on Financial Behavior

Cultural norms, family traditions, and social influences serve as powerful undercurrents shaping individual financial behaviors, often more deeply than formal instruction alone. Wang and Zhang (2018) emphasize that financial decisions are rarely made in isolation; instead, they are often embedded in cultural expectations, community practices, and familial obligations. For example, among many African American and immigrant families, financial responsibility often extends beyond the individual to include support for aging parents, extended kin, or faith-based institutions. This collectivist orientation, while rooted in resilience and reciprocity, can create tension when mainstream financial education prioritizes individualistic strategies, such as aggressive saving or delayed gratification. Patel and Gupta (2020) further emphasize how cultural values influence saving and spending habits, particularly in immigrant populations navigating dual economic systems one in their home country and another in their country of residence.

Social context and intergenerational influence also play pivotal roles in financial behavior. Kim and Lee (2019) found that peer norms have a significant impact on college students' decisions regarding credit card usage, savings, and spending. Similarly, Smith and Williams (2017) draw attention to family financial socialization, the transmission of financial habits and beliefs across generations, which can either reinforce or challenge financial literacy goals. In low-income communities, Jones and Brown (2021) note that access to social capital, such as trusted financial mentors or community support networks, often determines whether financial education translates into improved well-being. Culturally adapted programs, those that acknowledge linguistic diversity, address generational trauma, and reflect shared community values, are far more likely to succeed. Research by Chen and Liu (2021) and Garcia et al. (2020) demonstrates that culturally competent content, when paired with educators who understand and respect learners' backgrounds, leads to higher engagement, greater knowledge retention, and stronger behavioral outcomes. Therefore, any serious attempt at financial education reform must recognize that culture is not peripheral; it is foundational.

Recent Critiques and Identified Gaps in Financial Literacy Education

Despite the proliferation of financial literacy programs nationwide, recent critiques have illuminated persistent gaps that limit their efficacy, particularly for marginalized populations. Reports by iGrad (2021) and K12Dive (2021) reveal that many programs fail to produce sustained behavior change when they are not developmentally appropriate or culturally tailored. In many cases, financial education is introduced too late after individuals have already accumulated debt, entered into unfavorable contracts, or missed key financial milestones (Kolawole, 2022). Consider a college freshman taking their first financial literacy course after already defaulting on a student loan or accumulating credit card debt; education at this point, while helpful, is reactive rather than preventive. These timing failures underscore a disconnect between curriculum design and the lived financial trajectories of learners.

Moreover, systemic issues such as the racial wealth gap, digital literacy disparities, and institutional bias are rarely addressed in mainstream curricula. Darity and Hamilton (2017) argue that financial education, which focuses solely on individual behavior change, is insufficient in the face of structural economic inequality. Their call for a stratification economics approach suggests that educational interventions must be coupled with systemic reform to create real opportunity. Additionally, the literature highlights a missed opportunity to incorporate insights from cultural capital frameworks, such as Yosso's (2005) theory of community cultural wealth, which recognizes the resilience, navigational skills, and familial strengths within marginalized communities as educational assets. Current models often frame financial illiteracy as a deficit rather than asking how systems have failed to provide access, inclusion, and protection. This narrow focus risks pathologizing communities rather than empowering them. As a result, a paradigm shift is needed, one that positions financial literacy as a tool for equity, integrates culturally responsive pedagogy, and equips learners to navigate, challenge, and ultimately transform unjust financial systems.

Theoretical Foundations for a New Approach

The call for a more effective and equitable model of financial literacy education is reinforced by several key theoretical frameworks that challenge deficit-based paradigms and emphasize structural awareness, cultural responsiveness, and human development. Darity et al. (2017) advocate for a stratification economics lens, emphasizing that wealth disparities and limited opportunities among marginalized communities are primarily the result of structural discrimination and policy-driven inequalities rather than individual shortcomings. This framework challenges traditional financial education models that focus solely on individual behaviors, urging educators to interrogate the systemic forces that perpetuate economic exclusion. Similarly, Ladson-Billings' (1995) theory of culturally relevant pedagogy emphasizes the importance of connecting academic content to learners' lived experiences, thereby promoting both cultural competence and critical consciousness.

Lusardi and Mitchell (2014) contribute by framing financial literacy as critical human capital, suggesting that knowledge in this domain directly correlates with individual and collective economic outcomes. Nevertheless, without acknowledging the toxic stress and contextual constraints experienced by learners from low-income and racially marginalized backgrounds, financial literacy efforts can miss the mark. Furthermore, Robinson et al. (2013) underscore how socioeconomic status and chronic adversity shape educational engagement and outcomes, calling for trauma-informed and equity-conscious interventions. Complementing this, Yosso's (2005) community cultural wealth framework repositions marginalized communities not as voids of financial knowledge but as holders of unique forms of capital, including aspirational, familial, and navigational capital that can be leveraged within financial education settings. Together, these theoretical contributions lay the groundwork for a reimagined financial literacy model, one that resists one-dimensional, behaviorist logic in favor of holistic, justice-oriented pedagogy. Recognizing these complexities underlines the necessity for culturally responsive curricula and faculty development that explicitly address structural inequalities and validate community assets, thereby promoting authentic financial empowerment for marginalized learners.

Synthesis of Literature Findings

The collective body of literature affirms that financial literacy plays a pivotal role in promoting economic empowerment and long-term financial well-being (Lusardi et al., 2014; Garcia et al., 2018). However, it also exposes critical deficiencies in how financial education is conceptualized, implemented, and evaluated, particularly for historically marginalized populations. Structural inequities, such as racial wealth disparities, limited access to financial resources, and culturally unresponsive instructional methods, significantly constrain the reach and impact of financial literacy initiatives (Darity et al., 2017; Wang et al., 2018). A recurring theme across the research is the disconnect between generic, behaviorist models of financial education and the complex socio-cultural realities of learners. For example, while mainstream curricula may emphasize compound interest or asset accumulation, they often omit discussions of housing discrimination, wage gaps, or institutional mistrust issues that profoundly shape financial behavior in Black communities.

Culturally responsive pedagogy emerges as a critical but underutilized lever for closing this gap. Scholars such as Ladson-Billings (1995) and Gay (2000) emphasize that affirming students' cultural knowledge, building relational trust, and fostering critical financial consciousness are essential for effective learning, particularly when addressing entrenched social inequities. However, few financial education programs fully integrate these principles. Concurrently, African American faculty are underrepresented in both the delivery of financial education and in scholarly discourse, despite playing vital roles in mentoring, advocacy, and culturally informed instruction (Griffin, 2020; Smith et al., 2017). Their absence in research represents a significant knowledge gap, one that obscures the practices of those most equipped to adapt financial literacy for equity and relevance.

Policy and Practical Recommendations

1. Federal and state education departments should mandate the integration of critical financial literacy curricula, tailored to address socio-economic disparities, into K–12 public education systems, with an emphasis on contextual factors that influence financial behaviors in historically marginalized communities.
2. Financial institutions and community-based organizations should collaboratively establish localized financial mentorship initiatives that pair trained professionals with Black and other underserved populations, offering not only technical guidance but also reflective support on navigating complex economic systems.
3. Public policy must redirect funding toward culturally responsive financial education campaigns that move beyond generic knowledge dissemination and instead focus on the specific economic histories, needs, and aspirations of racially minoritized groups.
4. Government agencies, in partnership with academic researchers, should create longitudinal, qualitative studies that track the financial decision-making processes of low-income families, recognizing these as sites of adaptive intelligence rather than mere deficiency.

5. Employers, especially in sectors with high representation of workers of color, should offer ongoing, voluntary financial wellness programming that is built on an equity framework and addresses barriers such as wage stagnation, irregular income, and intergenerational debt.
6. Regulatory bodies must enact stronger protections against predatory lending practices that disproportionately affect Black and Hispanic borrowers, while simultaneously promoting equitable access to safe and affordable credit instruments.
7. Nonprofit organizations serving urban and rural communities should be resourced to develop peer-to-peer financial literacy workshops that incorporate storytelling, real-life dilemmas, and culturally situated financial wisdom as part of their pedagogy.
8. Higher education institutions must embed financial literacy into the core curriculum of first-year experience programs, particularly at minority-serving institutions, while ensuring that these courses challenge traditional assumptions and foster critical financial consciousness.
9. Social welfare policy should acknowledge financial fragility as a structural condition rather than an individual failing, adjusting eligibility requirements and support systems to reflect the lived realities of individuals navigating persistent economic hardship.
10. Digital financial platforms and fintech startups should be incentivized to design tools that are not only linguistically and culturally inclusive, but also transparent in functionality, thereby enabling users from marginalized backgrounds to engage confidently with their financial data.
11. National economic recovery plans must include equity benchmarks for financial literacy advancement, ensuring that stimulus measures and workforce development funds explicitly support community-based financial education initiatives in under-resourced areas.
12. Policymakers should prioritize the inclusion of financial education in reentry programs for formerly incarcerated individuals, particularly those from racially marginalized backgrounds, as part of a broader strategy for reintegration and economic stability.
13. Develop an immersive, role-based financial simulation game where participants assume culturally and economically diverse identities and must navigate real-world financial dilemmas, such as job loss, housing discrimination, or student debt, while managing limited resources and responding to systemic barriers.
14. Design a collaborative digital game modeled after cooperative board games in which teams of learners must build generational wealth across scenarios that replicate historical and contemporary economic challenges faced by Black families, incorporating unexpected policy changes, market downturns, and community-based resource-sharing.
15. Create a financial literacy escape room, physical or virtual, where learners must use knowledge of budgeting, credit, risk assessment, and critical thinking to unlock solutions to financial emergencies and systemic challenges like predatory lending or healthcare expenses.
16. Establish a "Financial Justice Lab" course in partnership with HBCUs or MSIs, blending case-based learning with student-designed economic interventions, such as mock legislation, financial product prototypes, or community investment plans evaluated by local stakeholders.
17. Launch an augmented reality (AR) experience where participants move through a digitally enhanced city environment that overlays scenarios involving banking decisions, rent negotiations, or loan applications, accompanied by embedded narratives of historically marginalized voices.
18. Implement a semester-long experiential learning program where students manage a fictional household budget using dynamic simulation software that reflects fluctuating

income, rising living costs, structural inequities, and policy shocks, encouraging reflection on both financial choices and systemic constraints.

19. Organize a competitive but equity-focused fintech hackathon where students design mobile apps or digital tools tailored to the needs of underserved populations, judged by a panel of community leaders, financial educators, and tech innovators.
20. Integrate storytelling modules into financial education programs in which participants interview family members or elders about their financial histories and challenges, then translate those stories into interactive, digital learning materials that highlight the sociohistorical context of financial behaviors.
21. Facilitate a "Financial Decision Boot Camp" combining physical-world simulations with virtual modules that simulate everyday decision-making, such as buying groceries on a tight budget, managing gig income, or supporting extended family, to surface emotional and relational dimensions of finance.
22. Embed financial literacy into service-learning projects where students partner with local nonprofits or housing cooperatives to conduct community financial needs assessments and co-develop culturally resonant financial education materials.
23. Use AI-driven chat simulations where learners engage in mock consultations with virtual financial advisors, employers, or landlords, giving them practice navigating complex negotiations and understanding financial rights, risks, and systemic biases.
24. Introduce a long-form, gamified financial narrative in which learners progress through stages of life, youth, college, employment, family, retirement, accumulating or losing wealth based on both personal decisions and random events rooted in real historical data and structural inequities.
25. State treasuries and public pension boards should launch public awareness campaigns on risk, investment, and insurance literacy, ensuring accessibility for populations who have historically been excluded from wealth-building opportunities.
26. All public assistance programs, including SNAP and housing subsidies, should incorporate optional, strengths-based financial coaching modules that empower recipients without pathologizing their financial circumstances.
27. Media outlets and content creators should be engaged to disseminate narratives that depict financial decision-making among Black and Brown communities not as misguided but as deeply rational responses to systemic barriers, thereby reshaping public discourse around financial literacy.

African American educators with expertise in financial management, financial literacy, and investments can play in addressing financial literacy deficiencies within African American communities in the following ways:

1. Serve as culturally responsive educators who design and deliver financial literacy curricula that reflect the lived experiences, values, and historical contexts of African American learners, thereby making financial education more relatable and impactful.
2. Act as trusted community advocates who bridge the gap between academic knowledge and community needs by fostering relational trust and combating the skepticism often directed toward mainstream financial institutions.
3. Mentor and train the next generation of financial educators and professionals within the African American community, creating a sustainable pipeline of culturally competent leaders in finance.
4. Develop culturally nuanced instructional materials that incorporate systemic issues such as housing discrimination, redlining, student loan disparities, and wage inequities into lessons on budgeting, credit, saving, and investing.
5. Lead participatory research initiatives that explore financial behaviors and challenges specific to African American households, generating data and peer-reviewed

publications that can inform policy and practice with greater accuracy and authenticity.

6. Host community-based workshops and forums that empower individuals with actionable financial knowledge while fostering open dialogue around financial trauma, intergenerational debt, and collective wealth-building.
7. Collaborate with policymakers and institutions to advocate for the integration of equity-focused financial education into public school systems, workforce development programs, and reentry initiatives.
8. Utilize media and digital platforms to amplify financial literacy through culturally resonant storytelling, online courses, podcasts, and social media campaigns that engage broader audiences.
9. Critically evaluate financial products and services to help community members identify exploitative practices and instead connect them with ethical, community-oriented financial tools and institutions.
10. Cultivate financial resilience and empowerment by centering education not only on individual success but also on cooperative economics, community wealth building, and economic justice.

Recommendations for Future Research

To advance a more nuanced, culturally responsive, and empirically grounded understanding of financial literacy within African American communities, future research should adopt participatory and iterative methodologies that capture the multifaceted nature of financial behavior, beliefs, and learning environments. One promising approach is the Delphi method, a structured, multi-round process designed to harness the collective expertise of diverse stakeholders through systematic feedback and consensus-building. This method is particularly well-suited for exploring complex, interdisciplinary issues such as financial literacy, where experiential knowledge, contextual insight, and professional judgment all hold significant value.

A series of Delphi-based studies could be initiated to engage financial planners, African American university faculty with expertise in financial literacy, personal finance, and investment behavior, and students participating in experiential learning programs. The first wave might focus on building consensus among financial educators and practitioners regarding the essential components of a culturally relevant and critically conscious financial literacy curriculum. In a subsequent round, African American scholars could evaluate the extent to which existing educational frameworks integrate cultural, historical, and structural dimensions of economic inequality, areas identified as chronically underrepresented in the literature.

A third phase of Delphi inquiry should involve students who are exposed to simulation-based financial literacy interventions, enabling researchers to assess how experiential learning shapes financial attitudes, confidence, and decision-making, particularly in relation to real-world constraints. Such triangulated, stakeholder-inclusive research would offer robust insights into both the pedagogical design and social applicability of financial literacy education. Ultimately, this approach would strengthen theoretical development, inform policy design, and help cultivate educational practices rooted in equity and effectiveness.

Author Contributions

Conceptualization: N.H. D.N.B.; data curation: N.H.; formal analysis: N.H. D.N.B investigation: N.H..; methodology: N.H.; project administration: D.N.B.; supervision: D.N.B., validation: N.H., D.N.B.; visualization: N.H.; writing – original draft: N.H.; writing – review & editing: D.N.B.

Conflict of Interest: The authors declare no conflict of interest. **Data Availability Statement:** Not applicable. **Informed Consent Statement:** Not applicable.

References

Brown, A., & White, K. (2020). Age-related differences in financial learning preferences: A cognitive perspective. *Journal of Financial Education Research*, *45*(2), 155-172.

Chen, Y., & Liu, X. (2021). Cultural sensitivity in financial literacy education: A cross-cultural study. *International Journal of Educational Research*, *105,* 101-734.

Dwyer, P., McCloud, J., & Hodges, L. (2020). Financial literacy education: Barriers and opportunities. *Journal of Education Finance, 46*(1), 45-67.

Edwards, K. (2024, February 8). *How Black Americans view financial success. Pew Research.* https://www.pewresearch.org/race-and-ethnicity/2024/02/08/how-black-americans-view-financial-success/

Elder, G. H. (1998). The life course as developmental theory. *Child Development, 69*(1), 1-12.

Garcia, P., Kim, H., & Liu, S. (2020). Cultural adaptation of financial literacy programs: Strategies for success. *Journal of Financial Counseling and Planning, 31*(2), 233-248.

Gay, G. (2000). *Culturally responsive teaching: Theory, research, and practice*. Teachers College Press.

Griffin, K. A. (2020). Institutional barriers, cultural taxation, and the underrepresentation of African American faculty. *Journal of Diversity in Higher Education, 13*(1), 22-32.

Hamilton, D., & Darity, W. (2017). The political economy of education, financial literacy, and the racial wealth gap. *Federal Reserve Bank of St. Louis Review, 99*(1), 59-76.

iGrad. (2021). *The state of financial literacy education: Trends and challenges*. iGrad Research Brief. https://www.igrad.com/research

Johnson, L., Smith, M., & Brown, R. (2019). Behavioral nudges and financial decision-making: Implications for education. *Journal of Economic Psychology, 74*, 102-230.

Jones, T., & Brown, A. (2021). Community networks and financial well-being in low-income populations. *Journal of Community Practice, 29*(2), 210-225.

Kim, H., & Lee, S. (2019). Social norms and college student financial behaviors. *Journal of College Student Development, 60*(4), 467-482.

Kim, S., Garcia, P., & Liu, S. (2019). Financial literacy education among immigrant populations: Challenges and strategies. *Journal of Cultural Diversity and Education, 26*(2), 45-59.

Kolawole, Y. (2022). Timing financial education: Insights into student financial decision-making. *Education Economics, 30*(1), 77-91.

Ladson-Billings, G. (1995). Toward a theory of culturally relevant pedagogy. *American Educational Research Journal, 32*(3), 465-491.

Lee, J., & Kim, H. (2020). Enhancing participant engagement in financial literacy programs through experiential learning. *Journal of Financial Services Research, 57*(2), 203-220.

Lusardi, A., & Mitchell, O. S. (2014). The economic importance of financial literacy: Theory and evidence. *Journal of Economic Literature, 52*(1), 5-44. https://doi.org/10.1257/jel.52.1.5

National Urban League. (2025, June 25). *Disparities in African American Financial Literacy: Serious Problems with the Concept.* National Urban League. https://nul.org/news/disparities-african-american-financial-literacy-serious-problems-concept

Patel, R., & Gupta, V. (2020). Cultural influences on immigrant financial behaviors. *International Journal of Intercultural Relations, 78*, 63-74.

Robeyns, I. (2005). The capability approach: A theoretical survey. *Journal of Human Development, 6*(1), 93-117.

Sen, A. (1999). *Development as freedom.* Knopf.

Shanks, T. R. W., & Robinson, C. (2013). Assets, economic opportunity, and toxic stress: A framework for understanding child and educational outcomes*. Race and Social Problems, 5*(1), 103-116.

Smith, J., & Williams, K. (2017). Family financial socialization and wealth accumulation. *Family and Consumer Sciences Research Journal,* 45(3), 250-267.

Smith, T., & Jones, P. (2021). Gamification in financial education: Motivation and outcomes. *Journal of Financial Counseling and Planning, 32*(1), 91-105.

Williams, D., Grizzell, B., & Burrell, D. (2011). An applied case study analysis of potential societal importance of financial literacy education for African-American and Latino American adolescents. *The International Journal of Interdisciplinary Social Sciences, 6*(3), 1-17.

Yosso, T. J. (2005). Whose culture has capital? A critical race theory discussion of community cultural wealth. *Race Ethnicity and Education, 8*(1), 69-91.

Zimmerman, M. A. (1995). Psychological empowerment: Issues and illustrations. *American Journal of Community Psychology, 23*(5), 581-599.