



Firms Ramp Up Efforts to Reach Latinos

Latinos are the second-largest ethnic or racial group in the United States and have historically avoided owning stocks, but firms in recent years have launched several initiatives to reach the underrepresented demographic.

By **Brian Ponte** | September 11, 2023

Latinos remain largely underrepresented among asset managers' clients and employees, despite a sizeable population, outsized contribution to small business growth and significant purchasing power.

But many large firms are making strides to change that by offering leadership development programs to Latino employees and educational services for clients.

The U.S. Latino population reached 62.1 million in 2020, according to the U.S. Census Bureau.

Latinos account for 19% of all Americans, making them the nation's second-largest ethnic or racial group behind white Americans.

In the decade between 2007 to 2017, Latinos started 50% of net new businesses in the United States, according to a 2021 report from **Bain & Company**.

The purchasing power of U.S. Latinos could reach \$2.6 trillion by 2024, **Bloomberg reported**.

Despite those figures, a March 2020 **Pew Research** poll found that just 28% of Latino households owned some form of stock compared with 61% of white U.S. households.

Overall, Latino-owned business with less than \$1 million in revenue are 19% less likely to receive full funding from a local bank than white-owned businesses.

Latino-owned businesses with more than \$1 million in revenue are three times less likely than white-owned businesses to seek financing from angel investors, the Bain report shows.

These figures are representative of a larger problem in which Latinos have been excluded from traditional financial markets in the United States, said **Marla Bilonick**, president and chief executive officer of the **National Association for Latino Community Asset Builders** (Nalcab), a collection of more than 200 nonprofit organizations serving Latino communities.

Nalcab includes financial coaching among its initiatives, its website notes.

Some 77% of institutional private-equity firms don't employ Latino executives, according to Nalcab data, Bilonick noted, characterizing financial services as an "old boys club."

But the lack of representation also stems from Latino immigrant populations' not seeking out traditional investment options, she said.

This problem is exacerbated by language barriers and a lack of trust in financial institutions stemming from economic instability in many Latin American countries, Bilonick said.

Asset managers are, however, largely aware of these disparities and have in recent years sought to address Latino underrepresentation among both their employees and clients.

Last September, **State Street** announced its commitment to **Management Leadership for Tomorrow's** Hispanic Equity at Work Certification Program, which sets measurable standards for, among other core areas, increasing Latino representation at every level of employment. The firm, a year prior, announced strategic engagements with four industry and education-focused organizations to support the advancement of black and Latino professionals within asset management.

T. Rowe Price is also a participant in the MLT Hispanic Equity at Work Certification Program along with **Capital Group**, spokespeople for both companies noted.

Capital Group's MLT approach includes indicators that are aligned with the five pillars of that program's certification: representation, compensation, workplace culture, business practices, and contributions and investments, the company spokesperson said.

"Developing the MLT Hispanic Equity at Work plan required input from business leaders across Capital," she said. "Participating employers have up to three years to achieve the minimum qualifying score to become certified."

Latino representation among employees is crucial to reaching investors, because "people invest in people like themselves," Bilonick said.

On the staffing front, T. Rowe has several firmwide leadership development programs for diverse talent designed to expand access and opportunity through coaching, mentoring and upskilling.

"For many years, we have partnered with the **Robert Toigo Foundation**, the only MBA fellowship program solely dedicated to developing minority professionals ready to lead within the finance industry," the spokesperson said. "Similar relationships with the **Hispanic Federation** and the **Association of Latino Professionals for America**, among many others, help us source diverse talent and share insight into our culture."

Fidelity, meanwhile, has increased the Latino representation in its workforce by 42% since 2015, with representation moving to 8% from 4.6%, a company spokesperson said.

The company offers 27 leadership development programs tailored for underrepresented associates at all levels, the spokesperson said.

"Our customer inclusion team aims to identify ways to enhance engagement with diverse customers and improve financial outcomes," the spokesperson said.

“Fidelity is rolling out bespoke resource centers for diverse communities with their unique needs in mind. For the Latino community, this may include sending money back home or a retirement plan that spans multiple generations,” the spokesperson said.

These companies have also rolled out programs to reach Latino clients and investors.

Last year, Fidelity launched its Latino resource center, which includes a library of short educational videos available in both English and Spanish on topics that are important to the Latino community, the spokesperson said.

T. Rowe Price also offers tools, including an educational portal and a workplace retirement site, that were developed and curated to resonate with Spanish-speaking participants, a spokesperson said.

The Spanish-language portal was built by a team of native Spanish-speaking T. Rowe Price associates who leaned on their own personal experiences to “ensure that Spanish-speaking participants could more closely identify with the content and better utilize it for their retirement journeys,” the spokesperson said.

The firm also conducts research designed to identify needs of Latino investors to promote better financial wellness and progress saving for retirement, the spokesperson said.

Capital Group in 2021 launched ICanRetire, a digital participant engagement solution for plan sponsors that includes resources and tools that educate employees about retirement planning, the spokesperson said.

The program is a complement to American Funds’ target-date strategies, the spokesperson said.

This month, the program will roll out a custom Spanish-language experience, the spokesperson said.

“The program’s resources are also now informed by richer insights for Hispanic participants, including cultural background, family role and dynamics, and preferred language, based on Capital Group’s own research,” the spokesperson added. “The data-driven program analyzes a participant’s age, financial experience and other factors to deliver a tailored and culturally relevant user experience.”

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