

# CFP Board takes on racial, ethnic diversity

CFP research report shows nonwhites don't feel welcomed by the financial planning profession.



May 10, 2018 *By Jeff Benjamin*

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The fact that the financial planning industry is made up mostly of white men is a problem that needs to be addressed, according to a report out today from the CFP Board Center for Financial Planning.

The **comprehensive study**, which included interviews and surveys with more than 2,200 CFP certificants, hiring professionals and consumers, found that blacks and Latinos, in particular, do not generally view the financial planning profession as an area where they are welcome and will be able to prosper.

One finding showed that while blacks, Latinos and whites are considered to have virtually equally skill sets when it comes to succeeding as a financial planner, 56% of survey respondents say whites are more likely to be hired than blacks. Only 5% felt the opposite was true.

In terms of Latinos, 48% believe whites would be more likely hired, while only 7% felt the opposite was true.

Whether the discrimination is real or imagined, it is a problem for the planning industry, according to Cy Richardson, chair of the CFP Board Center for Financial Planning's Diversity Advisory Group and senior vice president at the National Urban League.

Mr. Richardson pointed out that while blacks make up 13.3% of the U.S. population and Latinos make up 17.8%, they combine to represent less than 3.5% of the 80,000 CFP certificants.

"Increasing diversity is good for the public, and it makes good financial sense and business sense," he said.

Peter Fondulas, president of Fondulas Strategic Research, which conducted the research project, said an **industry lacking diversity** will miss out on the potential of a growing segment of the population that should not be overlooked.

He pointed out, for example, that the wealthiest fifth of both black and Latino households in America have average incomes of approximately \$400,000, representing an attractive market for financial advisers.

In addition to assuming black and Latino households would be more open to working with black and Latino financial advisers, Mr. Fondulas said the perception that nonwhites are not as welcome in the financial planning industry has created a "barrier for people who are reluctant to pursue the profession."

"I have no doubt from this study that the perception exists," he added. "There are people who believe there is deliberate discrimination, although it is difficult to prove."

In addition to highlighting the fact that perceptions about the demographic makeup of the industry are largely in line with reality, the research was presented as a launching point for the CFP Board's new diversity initiative, according to executive director Marilyn Mohrman-Gillis.

"The center's mission is to create a more diverse and sustainable financial planning profession," she said.

To that end, the CFP Board is organizing a **diversity summit**, to be held Oct. 23 in New York, that will focus on ways to help address the diversity gap in financial planning.

"The idea is to talk further about this, become more engaged and make commitments to take action," Ms. Mohrman-Gillis said.

Part of the challenge in addressing the diversity imbalance is identifying the root causes, which the research confirmed are difficult to nail down.

Among CFP professionals who are neither black or Latino, 58% said it boils down a reluctance by members of the minority groups to pursue the profession. Meanwhile, black and Latino CFP professionals are more likely to attribute the lack of diversity to a reluctance of companies to hire or promote nonwhites.

The next step, which will be addressed in depth at the October summit, will focus on efforts identified in the research as potential pathways toward **increasing diversity**.

They include introducing formal mentoring programs, an increased focus on financial literacy in schools, increasing the awareness of opportunities in the profession and launching diversity hiring programs.

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