

Racial Gaps in Financial Outcomes

JPMorgan Chase Institute | Nov. 2020

We have assembled a **data asset of 1.8 million families** with Chase DDA accounts and **self-reported race**

Subgroup	National population ¹	Registered voters in FL/GA/LA ²	Chase sample	
White	60.4%	63.7%	47.1%	869,752
Hispanic	18.3%	11.1%	22.4%	413,598
Black	13.4%	20.9%	25.0%	461,542
Asian	5.9%	1.9%	2.6%	47,424
Other	4.2%	2.4%	3.0%	56,096
Total				1,848,412

1. Source: US Census Bureau, July 2018 estimate (<https://www.census.gov/quickfacts/fact/table/US/PST045218>). "White" refers to the Census measure of non-Hispanic, non-Latino White, and "Hispanic" refers to its measure of Hispanic or Latino. Numbers do not sum to 100% because the Black, Asian, and Other groups include individuals who also identify as Hispanic.
2. We exclude from the denominator registered voters whose race is missing (5.4% of all registered voters).

The Chase sample does NOT represent

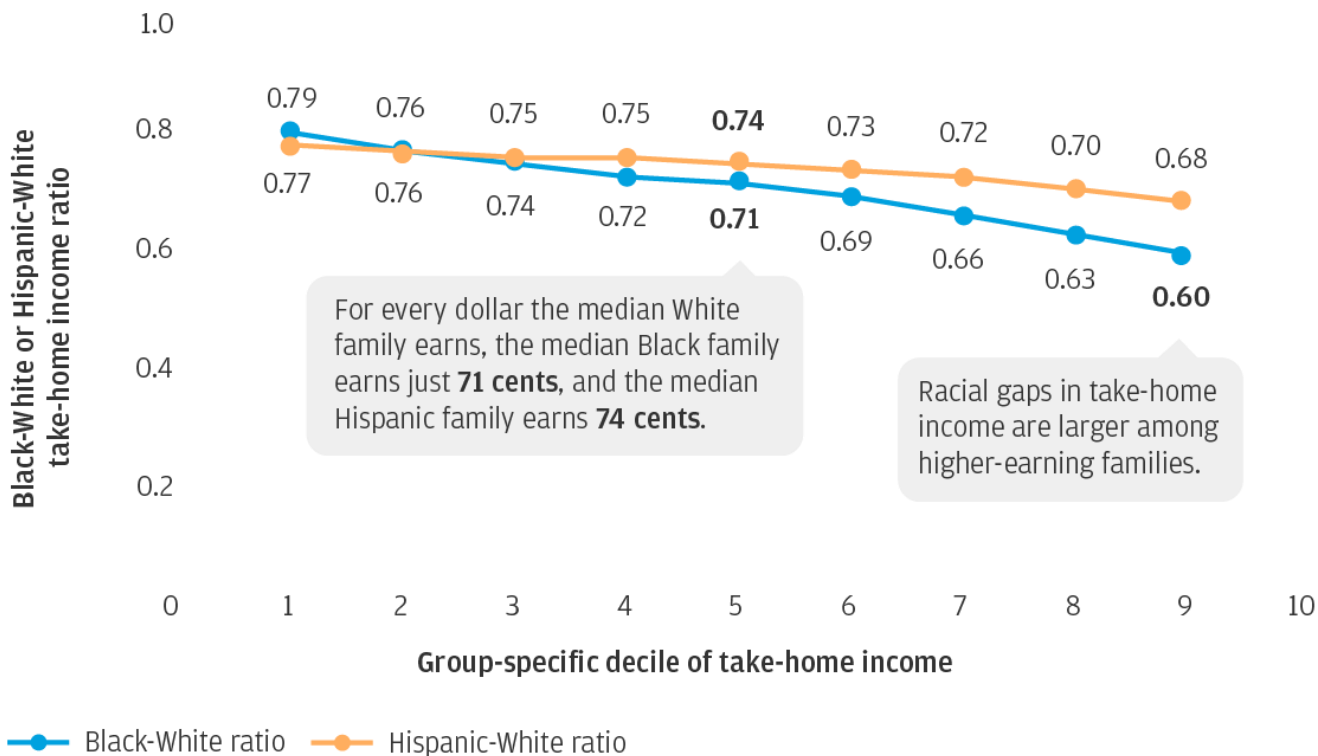
- Population outside of FL, GA, and LA
- The unbanked
- Those who are not eligible or not registered to vote

The Chase sample over-represents

- Black and Hispanic population
- Urban population
- Younger population

Median Black and Hispanic families earn roughly 70 cents in take-home income for every dollar earned by White families.

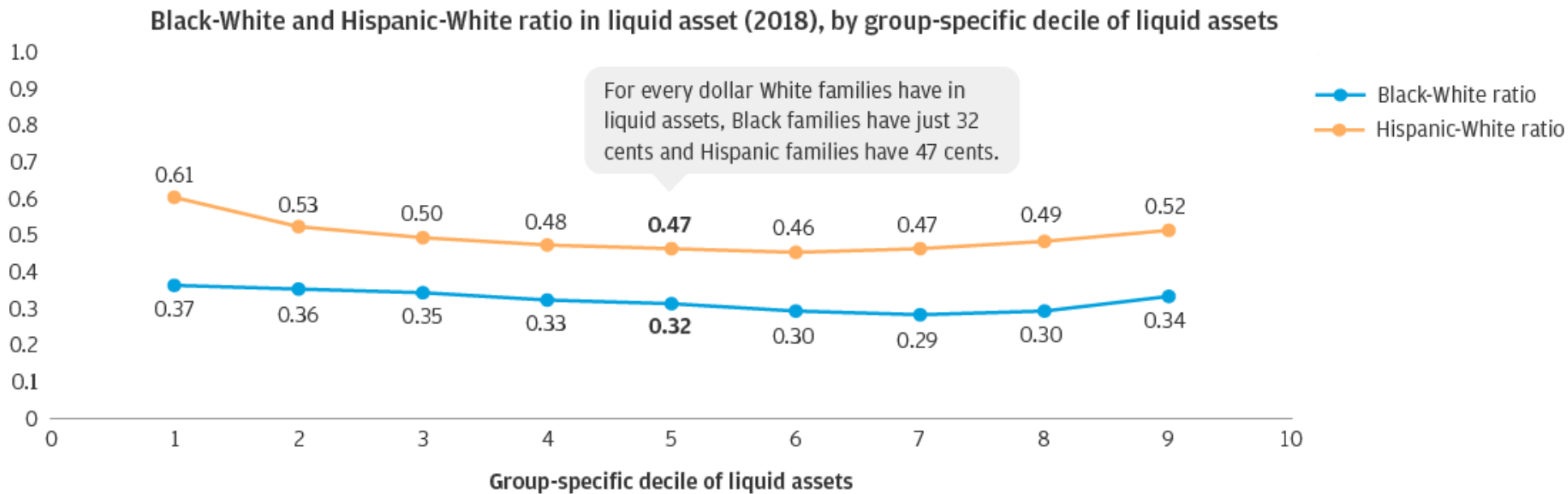
Black-White and Hispanic-White ratios of annual take-home income (2018), by group-specific decile of take-home income



Note: Take-home income reflects the income after taxes and other payroll deductions that is deposited into one's checking account, which includes labor income, government benefits, tax refunds, capital and retirement income, ATM deposits, check deposits, and other electronic deposits

Source: JPMorgan Chase Institute

Racial gaps in liquid assets are twice as large as gaps in take-home income.

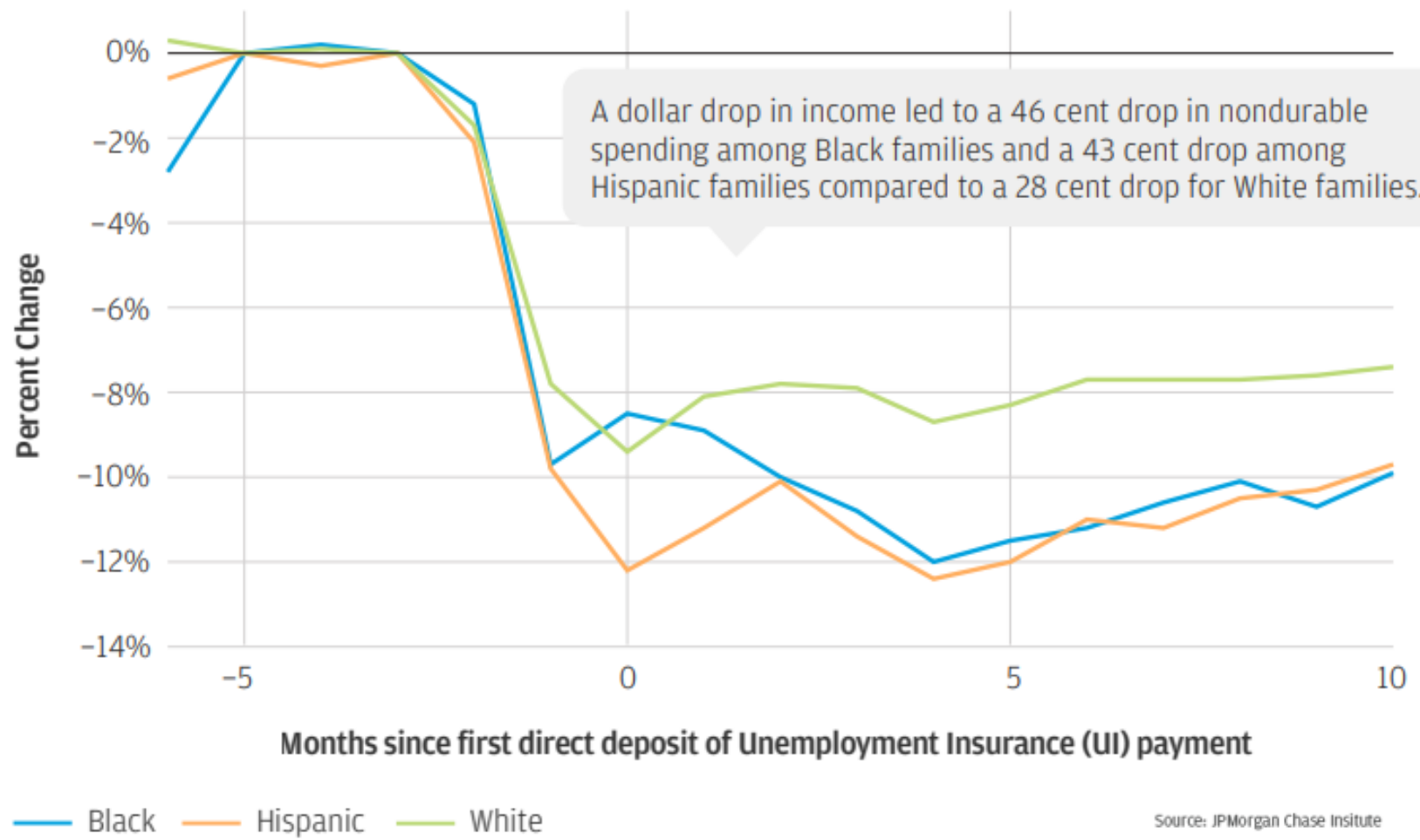


Note: We define liquid assets as the sum of balances in one's checking, prepaid debit cards, savings, money market, and certificates of deposit accounts.

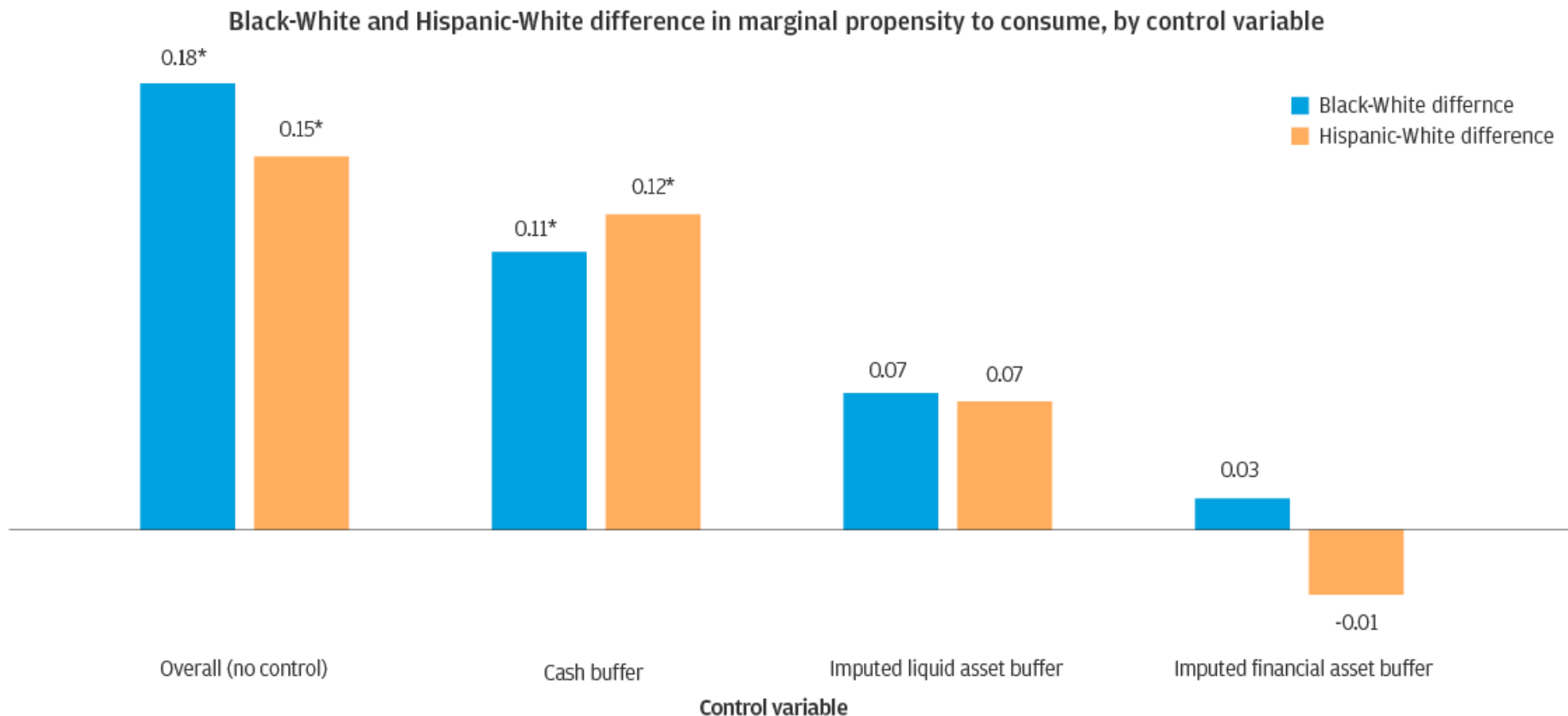
Source: JPMorgan Chase Institute

After job loss, Black and Hispanic families cut their spending more than White families, differences that are explained by racial gaps in liquid and financial asset buffers.

Ratio of non-durable spending to five months prior to first Unemployment Insurance (UI) receipt



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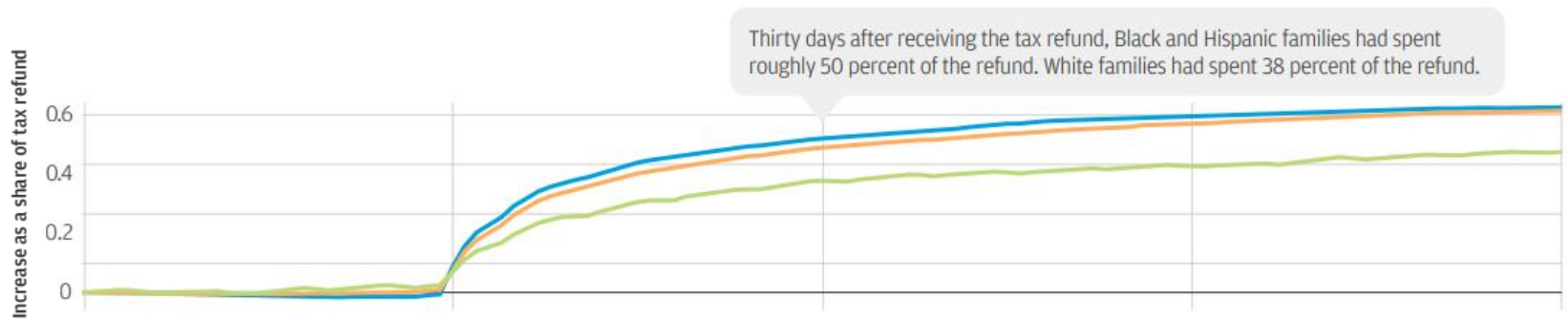


Note: Cash buffer is the ratio of (checking account balance + savings account balance) to monthly nondurable expenditure, imputed liquid asset buffer is the ratio of imputed liquid assets to monthly nondurable expenditure, and imputed financial asset buffer is the ratio of imputed financial assets to monthly nondurable expenditure. * indicates that the Black-White or Hispanic-White difference in marginal propensity to consume is statistically significantly different from 0 at the 95% level.

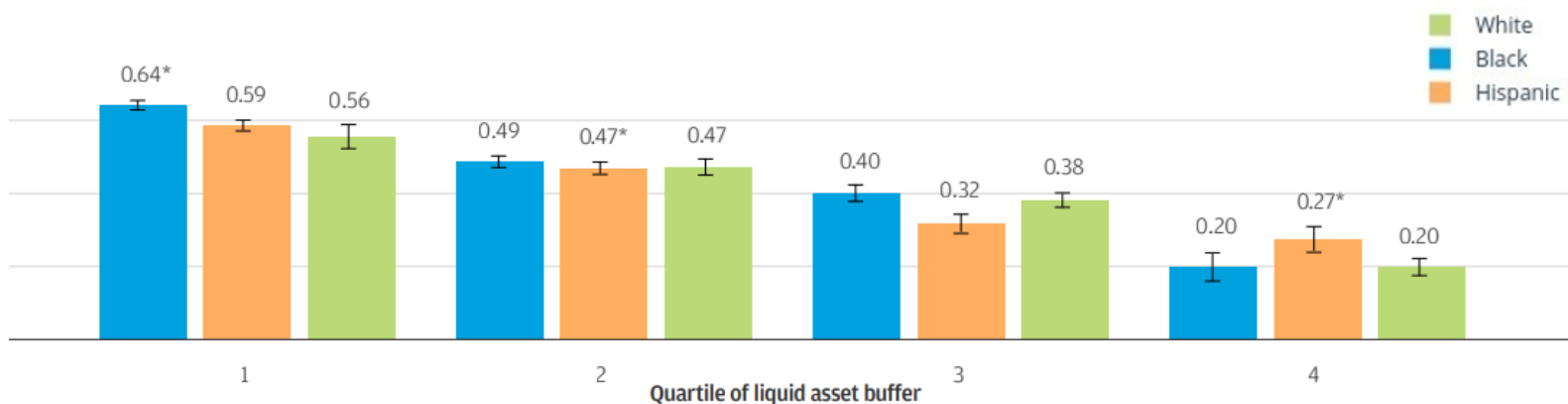
Source: JPMorgan Chase Institute

Upon receipt of a tax refund, Black and Hispanic families increase their expenditures more than White families, a difference explained by racial gaps in liquid asset buffer.

Cumulative increase in total expenditures as a share of tax refund (marginal propensity to consume)



Thirty-day tax refund marginal propensity to consume, by race and liquid asset buffer



Source: JPMorgan Chase Institute