



RESEARCH PAPER

# Building Wealth: Empowering Black Small Business Owners Through Investing

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# Executive Summary

Black small business owners face substantial economic barriers that limit their ability to launch and grow small businesses. Aspiring Black entrepreneurs tend to have less wealth and access to essential resources like small business loans than their white counterparts, resulting in fewer Black-owned businesses in the United States.<sup>1</sup> This lack of support makes it more challenging for Black small business owners to build wealth that can facilitate business growth and provide resilience during economic shocks.

Beyond enabling business outcomes, wealth also plays a crucial role in the overall financial health of small business owners themselves. A strong financial foundation allows small business owners to manage personal financial stress, secure their family's financial future, and pursue broader financial goals beyond their

business. Yet today, Black households own just 4.7% of total U.S. household wealth, while white households own 80%.<sup>2</sup> These stark differences emphasize the need for solutions that can help all Americans build wealth and long-term financial resilience.

In 2024, Stackwell, Michigan Black Business Alliance (MBBA), and Prudential Financial launched the Small Business Investment Program (SBIP) to improve investment confidence and participation in the stock market by Black small business owners, their employees, and aspiring entrepreneurs. The program provided small business owners who are MBBA members access to the Stackwell investing platform, funded investment accounts, and education to help program participants gain more knowledge and confidence in investing.

**The Financial Health Network studied how small business owners' perspectives on investing evolved over the program. Key learnings include:**

1

## SMALL BUSINESS OWNERS FACE MANY FINANCIAL HEALTH CHALLENGES

SBIP participants experience a variety of challenges with both their personal and business finances, highlighting the precarious nature of their financial situations.

2

## SMALL BUSINESS OWNERS SHIFTED HOW THEY VIEWED INVESTING

Interviewees' knowledge and confidence in investing in the stock market grew, and they reported increased focus on pursuing their long-term financial goals.

3

## SMALL BUSINESS OWNERS TOOK STEPS TOWARDS BUILDING WEALTH

Participants invested in the stock market while managing their businesses, showing a demand for solutions that help build wealth.

These findings capture the challenges facing Black small business owners and show how providing opportunities to build wealth can improve overall financial health, not just that of their business. SBIP offers a potential model for practitioners looking to help Black small business owners manage, sustain, and grow both their personal and business finances.

<sup>1</sup> Jessica Battisto et al., "[Small Business Credit Survey](#)," United States Federal Reserve System, 2021.

<sup>2</sup> Briana Sullivan et al., "[Wealth by Race of Householder](#)," U.S. Census Bureau, April 2024.



## INTRODUCTION

# How Building Wealth Can Support Black Small Business Owners' Success

Small businesses fuel the U.S. economy, accounting for more than 43% of the country's GDP.<sup>3</sup> Yet aspiring Black entrepreneurs face significant barriers when launching and growing their enterprises, including limited access to small business loans or personal wealth that can be foundational to a small business' success. These barriers both deter potential economic growth and perpetuate racial disparities in business ownership.<sup>4</sup> Only 5.9% of Black individuals in the U.S. were small business owners in 2019, compared with 15.4% of white individuals.<sup>5</sup>

## Racial Disparities in Business Ownership

**5.9%** of Black individuals in the U.S. were small business owners in 2019

**15.4%** of white individuals in the U.S. were small business owners in 2019

While many small business owners draw on personal credit to support their business, Black small business owners may have more limited access or receive worse terms due to disparities in credit scores.<sup>6</sup> As of 2024, only 45% of Black individuals had a



prime credit score, compared with 77% of white individuals.<sup>7</sup> However, credit score differences are not the only factor limiting credit access for Black small business owners. Even when small business borrowers have similar risk profiles, lenders are more likely to encourage white small business owners to apply for small business loans.<sup>8</sup> In contrast, lenders encourage Black small business owners more often to use other forms of credit, such as personal credit cards and home equity loans, which place more risk on the borrower's personal finances.<sup>9</sup>

While supporting Black small businesses requires addressing these issues in access to credit, expanding access to greater personal wealth can also provide a stronger financial foundation

<sup>3</sup> Stephanie Ferguson Melhorn et. al, "[Small Business Data Center](#)," U.S. Chamber of Commerce, last accessed March 2025.

<sup>4</sup> Andre Perry and Carl Romer, "[To expand the economy, invest in Black business](#)," Brookings, December 2020.

<sup>5</sup> Jacob Hager and Baris Kaymak, "[Racial Differences in Returns on Business Ownership](#)," Federal Reserve Bank of Cleveland, February 2023.

<sup>6</sup> Andrew Warren, Wanjira Chege, Kennan Cepa, Ph.D., & Necati Celik, Ph.D., "[Pulse Points: Disparities in Credit Cores and Length of Credit History](#)," Financial Health Network, December 2024.

<sup>7</sup> Andrew Warren, Wanjira Chege, Kennan Cepa, Ph.D., and Necati Celik, Ph.D., "[Financial Health Pulse 2024 U.S. Trends Report: Diverging Financial Health Indicators](#)," Financial Health Network, September 2024.

<sup>8</sup> Lynn Conell-Price, Patrick Heck, & Elle Tibbitts, "[Matched-Pair Testing in Small Business Lending Markets](#)," Consumer Financial Protection Bureau, November 2024.

<sup>9</sup> Ibid.

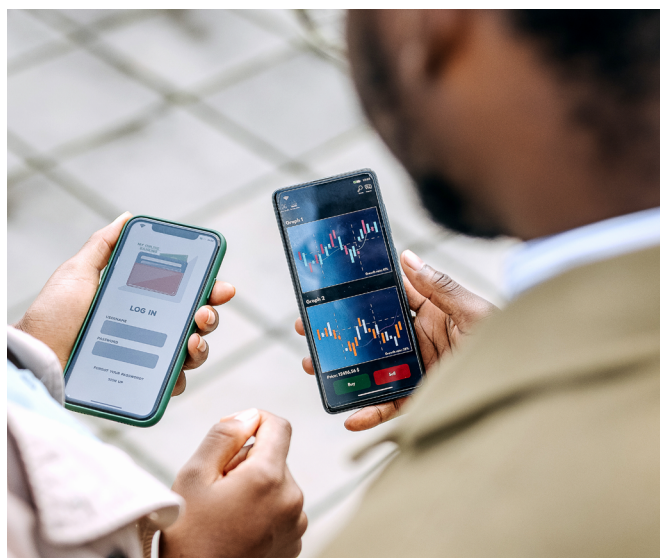
for starting, sustaining, or growing a business. Regardless of race, 90% of new businesses do not receive outside investment.<sup>10</sup> Home equity can be an alternative source of funding for small businesses; however, homes in predominantly Black neighborhoods often have lower valuations, limiting the equity available for their small businesses.<sup>11</sup> People who receive an inheritance are more likely to own a business, and small business owners with more cash in deposit accounts find themselves better positioned to stay afloat when financial difficulties arise.<sup>12,13</sup> However, Black households are 4.4 times less likely to receive an inheritance than white households and tend to have significantly less cash on hand.<sup>14,15</sup>

Wealth accumulation through stock market gains also plays a role in the likelihood of starting a business.<sup>16</sup> Yet Black consumers are three times less likely to participate in the stock market compared to white consumers, even when controlling for income, resulting in Black households holding just 4.7% of total U.S. household wealth, while white households hold 80%.<sup>17,18</sup>

Investing in the stock market represents a substantial opportunity for Black families to accumulate wealth, as stock market returns outpaced housing fivefold from 1950 to 2019.<sup>19</sup> However, between 1950 and 2010, Black households invested only about 7% of their wealth in stocks, while white households invested 18%.<sup>20</sup> This difference in stock market participation led to white

households seeing greater returns over time. As of 2022, white households held about six times the wealth of Black households.<sup>21</sup>

Given the potential for stock market returns to support Black small business owners to grow both their enterprises and their personal wealth, Stackwell, Michigan Black Business Alliance (MBBA), and Prudential Financial launched the Small Business Investing Program (SBIP) in 2024. The program's goals included gaining insight into stock market participation barriers, providing investment education, and helping increase investment access and confidence for Black small business owners. The Financial Health Network studied SBIP to understand the challenges Black small business owners face investing in the stock market and how their behaviors and attitudes toward investing changed during the program.



<sup>10</sup> Andre Perry and Carl Romer, “[To expand the economy, invest in Black business](#),” Brookings, December 2020.

<sup>11</sup> Andre Perry, Jonathan Rothwell, & David Harshbarger, “[The devaluation of assets in Black neighborhoods](#),” Brookings, November 2018.

<sup>12</sup> Leonard E. Burman, Robert McClelland, & Chenxi Lu, “[The Effects of Estate and Inheritance Taxed on Entrepreneurship](#),” Urban Institute, March 2018.

<sup>13</sup> “[Small business owner liquid wealth at firm startup and exit](#),” J.P. Morgan Chase Institute, May 2022.

<sup>14</sup> Jon Huntley & Victoria Osorio, “[Inheritances by race](#),” University of Pennsylvania Wharton Budget Model, December 2021.

<sup>15</sup> “[Racial Differences in Economic Security: Non-Housing Assets](#),” U.S. Department of the Treasury, January 2023.

<sup>16</sup> Gabriel Chodorow-Reich et. al, “[Stock Market Wealth and Entrepreneurship](#),” June 2024.

<sup>17</sup> Julie Bennett & and YiLi Chien, “[The Large Gap in Stock Market Participation Between Black and White Households](#),” Federal Reserve Bank of St. Louis, March 2022.

<sup>18</sup> Briana Sullivan et al., “[Wealth by Race of Householder](#),” U.S. Census Bureau, April 2024.

<sup>19</sup> National Bureau of Economic Research, “[Exploring 160 Years of the Black-White Wealth Gap](#),” August 2022.

<sup>20</sup> Ibid.

<sup>21</sup> Aditya Aladangad, et. al, “[Greater Wealth, Greater Uncertainty: Changes in Racial Inequality in the Survey of Consumer Finances](#),” Board of Governors of the Federal Reserve System, October 2023.

# About the Small Business Investment Program

Stackwell, the MBBA, and Prudential Financial launched the Small Business Investment Program (SBIP) to promote greater financial security and health for Black small business owners in Michigan. The program provided funded investment accounts to 200 small business owners, their employees, and entrepreneurs who are premium members of MBBA. The partners each had different roles:

**Stackwell**, a fintech company dedicated to closing the racial wealth gap, offers a culturally competent investing platform that encourages long-term investing and selects investment portfolios for its users. Stackwell provided small business owners with access to its investment platform, enabling them to access stock market investment accounts and financial wellness education workshops.

**Michigan Black Business Alliance** is a leading advocate for Black-owned businesses in Michigan, focused on helping to close the racial wealth gap. It does this by providing membership for Black business owners, developing programs, and advocating for policies that result in profitable and sustainable Black-owned businesses. SBIP was open to premium MBBA members, and MBBA played a key role in facilitating program outreach to potential participants.

**Prudential Financial** provided initial funds for the participants' Stackwell accounts to get them started with investing. Prudential Financial also provided additional funding for program management activities, this study, and financial wellness webinars.



## PROGRAM TIMELINE

January 2024 - December 2024

## PROGRAM PARTICIPANTS

200 MBBA members participated in the SBIP.

## PROGRAM HIGHLIGHTS

Participation in the SBIP was open to all active MBBA members. Participants received access to the Stackwell mobile application and regular installments of deposits into their accounts, which Stackwell invested into its proprietary portfolios on their behalf. Participants attended financial wellness and investment education workshops and accessed Stackwell's financial wellness education content library.

## INVESTMENT ACCOUNT CREDITS

SBIP distributed a total of \$2,500 over the course of the program into each participant's Stackwell account. Participants received \$200 monthly for 11 months and \$300 in the last month.

# About the Study

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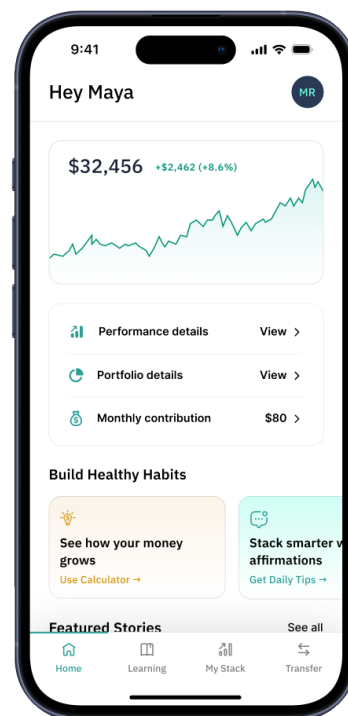
The Financial Health Network studied participants' attitudes toward investing, investment behaviors, and financial health over the course of the program. The study was conducted between January and October 2024. It employed a mixed-methods approach, using surveys, Stackwell administrative data, and in-depth individual interviews with program participants.

We conducted surveys and interviews at the beginning and end of the study period to capture changes in participants' perceptions of investing, experiences with investing, and financial health. The baseline survey collected 72 SBIP participant responses, while the follow-up survey had 81 responses. In addition, we conducted seven 60-minute individual interviews both at the beginning and the end of the study, for a total of 14 interviews with SBIP participants.

The study also leveraged administrative data from the 197 participants' Stackwell investment accounts. We used the administrative data to understand participants' investing behaviors in the Stackwell app. See the [Appendix](#) for more details about the study methodology.

## Participant Characteristics

Participants who responded to the baseline survey were predominantly women (86%). The majority earned between \$60,000 and \$149,999 annually (60%), and half were between the ages of 36 and 49 (50%). Most baseline participants were not Financially Healthy, with a majority (55%) reporting they struggle with some aspects of their financial health and a third (34%) reporting they struggle with most aspects of their financial health. The baseline participants' businesses were typically less than 6 years old (63%), generated between \$1,000 and \$25,000 in annual revenue (39%), and were either owner-operated or had a small number (1 to 4) of employees (97%). The characteristics of the follow-up participants were similar to those of the baseline group. See the [Appendix](#) for additional details about program participants.





# Small Business Owners Face Complex Financial Health Challenges

*Participants' challenges with both their personal and business finances highlight the precarious nature of their financial situations.*

## KAYLA'S STORY

### Balancing Personal Finances and Small Business Uncertainty

Born and raised in Detroit, Kayla studied journalism and media in college.<sup>22</sup> She worked in the media industry outside her hometown for several years after college. Then, motivated to be closer to family and pursue her entrepreneurial ambitions, she returned to Detroit in 2021 and co-founded a children's media company with her mother. Together, they invested between \$15,000 and \$20,000 in personal savings to launch the business. Kayla holds a 60% stake in the company while working a second job as a full-time marketing coordinator to sustain the venture.



Despite having the savings to launch her business and regular income from a full-time job, the day-to-day realities of operating a business brought unanticipated financial pressures. As Kayla reflected, “I’ve always been very financially savvy, but also financially responsible. Even [with] the apartment that I’m living in right now... my mom brags to people that I was able to pay the first 6 months of my lease just from savings that I had.” However, running the business has turned out to be more financially demanding than she expected. The business’s annual revenue is \$2,000, so Kayla has not yet paid herself from the company, but she hopes to eventually run the business full time.

While Kayla remains hopeful about the future of her business, she acknowledges the difficulties of balancing entrepreneurship with financial stability. She’s concerned that her income has not kept pace with the rising cost of living, saying, “What I’m making now is doing a lot less than it was doing when I signed my lease in 2021.” Moreover, running a small business has left her uncertain about meeting her goals. These financial pressures represent a common reality for many small business owners. **“If I hadn’t started a business, I probably would say [I’m] very [confident that I’m doing what I need to do to meet my long-term financial goals]...I know a lot about media and creation and storytelling, but there’s a lot within operations and leading a team and payroll that is kind of like you’re building a plane as you’re flying it.”**

<sup>22</sup> To ensure participant confidentiality, all names have been changed.

Even small business owners with the financial resources to start a business can still face uncertainty. Kayla’s story is a prime example of this: While Kayla had savings and full-time income to build her business, the financial demands of growing the venture have left her feeling unsure about her ability to achieve her long-term financial goals. Kayla’s cautious optimism about her financial future reflects a common theme among participants. While 57% of participants who responded to the baseline survey agreed that their household planned ahead financially, only 28% felt confident they were on track to meet their long-term financial goals, 15 percentage points lower than the national average.

Participants’ uncertainty about their financial futures is not surprising, given the financial challenges they face. Many participants reported difficulties making ends meet. More than a third (36%) had expenses that exceeded their income. What’s more, over half reported they were unable to pay their bills on time (57%), lacked sufficient savings to cover at least three months of expenses (58%), and carried an unmanageable amount of debt (53%) (Table 1). Program participants fared worse than the national average across each of these dimensions of financial health, particularly regarding their ability to pay bills on time and having short-term savings.<sup>23</sup>

Table 1. Program participants’ individual financial health challenges at the start of the program compared to national averages. <sup>24</sup>		
	Baseline SBIP Survey Participants	National Averages
Spending is more than income	36%	24%
Cannot pay all bills on time	57%	30%
Does not have savings to cover at least three months of living expenses	58%	44%
Have more debt than is manageable	53%	30%

*Note: The SBIP sample comprises 72 SBIP survey participants who participated in the baseline survey. The sample of national averages comes from the 2024 Pulse survey, a nationally representative survey of 7,245 U.S. households.*

Beyond personal financial challenges, more than half (56%) of the survey participants reported that their business struggled to break even, and 35% said they couldn’t cover more than one month of business expenses. Meanwhile, more than half (57%) of respondents reported feeling stressed about their finances. Of those who reported feeling stressed, 8% attributed their unease to their personal finances, 11% to their business finances, and 38% to a combination of their personal and business finances.

<sup>23</sup> Andrew Warren, Wanjira Chege, Kennan Cepa, & Necati Celik, “Financial Health Pulse 2024 U.S. Trends Report: Diverging Financial Health Indicators,” Financial Health Network, September 2024.

<sup>24</sup> National averages referenced in the above table sourced from Financial Health Network’s annual consumer survey: Andrew Warren, Wanjira Chege, Kennan Cepa, & Necati Celik, “Financial Health Pulse 2024 U.S. Trends Report: Diverging Financial Health Indicators,” Financial Health Network, September 2024.

An SBIP participant, Anthony, illustrates how business cash flow challenges can strain personal finances and contribute to financial stress.

#### ANTHONY'S STORY

## Managing the Financial Stressors of Running a Small Business

Anthony worked in public service for nearly two decades before launching his own food truck business in 2020. He opened his venture during the pandemic while he continued working his full-time job. To get started, he invested a significant portion of his personal savings, including \$80,000 to \$90,000 from his retirement savings. Though aware of the risks involved, he was committed to using his own money to fuel the business.

By 2024, the business had since grown to generate annual revenue of \$160,000, with Anthony owning 100% of the LLC. However, the journey hasn't been without financial challenges. Anthony invests most of the business' income back into the company to cover ongoing expenses, which has limited how much the business contributes to his household income. As he described, "Pretty much whatever we made from the business we're putting right back into it to keep the business rolling, keep the business funded, [and pay for] supplies and payroll... The goal is to eventually get it to the point where... my wife and I make a salary from the business."

At the start of SBIP in January, Anthony reflected on the financial stress that comes with running a small business and how that stress influences his personal financial decisions. His business model, which requires significant upfront costs, has made managing cash flow a constant challenge. At times, he has used personal funds to offset cash flow issues and keep the business running. When asked if he ever feels financial stress, he acknowledged, "Oh, yes. Being able to pay the finances for the business, being able to make money [to buy] more supplies, more food... keeping the lights on... and running and operating the business. **Having my personal savings to fall back on has helped, but I also know that it's not sustainable. It was a blessing for us to do that because otherwise, we wouldn't have been able to grow to the level that we have now, but it's not something we can keep doing forever.**"

Though the business has not yet provided a steady salary for him and his wife, Anthony remains focused on the long-term goal of transitioning the business into a self-sustaining venture. He aims to fully retire from his public service role within the next two to three years and devote himself entirely to the business.







Like Kayla and Anthony, most participants did not rely on their small business as their primary source of personal income. Instead, they held other full-time jobs to make ends meet. Only 24% of program participants who responded to the baseline survey had their business as their primary source of income. One participant noted, “Within the next 5 to 10 years, I would love to be able to start pursuing the business full time,” while another described how, “[My] business needs to get to the point of sustaining itself, so I don’t have to tap into personal funds.”

The experiences of Kayla and Anthony illustrate a common theme – how many participants took on significant personal financial risks to start and grow their businesses. These risks manifested in two ways: investing personal funds to start, sustain, or grow their business and taking on personal debt. The vast majority (90%) of participants who responded to the baseline survey used personal funds to support

**The vast majority (90%) of participants who responded to the baseline survey used personal funds to support their businesses, while many also took on debt through personal credit cards (74%) and personal lines of credit or loans (26%)**

their businesses, while many also took on debt through personal credit cards (74%) and personal lines of credit or loans (26%). While these risks can lead to growth, they can also create personal financial precarity, making it difficult to make ends meet, save for the future, and manage personal debt. Without other forms of wealth to fall back on, a business failure could devastate their personal financial health, making other avenues to build wealth critical for financial resilience.



# Small Business Owners Shifted How They Viewed Investing

*Interviewees shared that their knowledge and confidence in stock market investing increased during the program, and they had a new focus on pursuing their long-term financial goals.*

## MIA'S STORY

### Building Confidence To Invest in Her Family's Future

Mia, a Detroit native, launched a business designing balloon art and renting out bounce houses for parties. She has dedicated much of her time and resources to growing her business. Eager to learn more about investing, she joined SBIP to gain knowledge and confidently manage her finances.

The Stackwell app quickly became an essential resource, helping her to navigate investment decisions. The program also pushed her to begin thinking beyond the immediate needs of her business and shift her focus to long-term financial goals she had previously put off. As a mother of five, Mia is now committed to putting money aside for her children's future with her Stackwell account. As she puts it, **"When you have children, it's a different ballgame because now you're responsible for them... Your sole purpose becomes for them not to go through [what you went through]."** She views investing with Stackwell as an opportunity for her children to have assets they can draw on when they grow up.



Interviewees shared that SBIP played a meaningful role in reshaping how they thought about investing and how it can help them build wealth. They shared stories of how SBIP helped them feel more knowledgeable and comfortable about investing. Before joining SBIP, 45% of participants in the baseline survey reported having an average or low level of investing knowledge. This was echoed by interviewees who shared that, before joining the program, investing in the stock market was too complicated or previous attempts to learn more about investing were “overwhelm[ing].” One interviewee who owns a food manufacturing business shared how the educational sessions dispelled her fears. Before SBIP, she wasn’t sure if putting money into the stock market was safe. After joining the program, she said her “level of knowledge had definitely changed in this last year and a half, and that’s totally due to the opportunity with Stackwell and having educational sessions.”



Stackwell's varied learning resources helped introduce a sense of curiosity about investing, making investing feel more "real" and "practical." Survey respondents reported the top three sources of financial advice from Stackwell were the app (58%), workshops (58%), and program newsletters (42%).<sup>25</sup> Specific topics that resonated with interviewees included understanding the difference between stocks and index funds and the value of investing small amounts of money. One interviewee shared that she used to find stocks complicated, but after participating in the program, she has a "strong understanding of what I am looking at."

Beyond the content, multiple interviewees highlighted the importance of learning from Black investors, noting that seeing people who looked like them navigating the investment landscape helped them believe in their ability to build wealth. Interviewees also shared they felt uncomfortable with investing before joining the program. One

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Many survey respondents lacked prior investing experience, with  
**31%**  
reporting they had never invested before.

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interviewee commented that before SBIP, he "never saw people like me doing this. It was something other people did – people with financial advisors, people with generational wealth."

The money to invest in the stock market proved to be a catalyst for people to feel more comfortable with investing. Many survey respondents lacked prior investing experience, with 31% reporting they had never invested before.<sup>26</sup> Even among those with investing experience, some had negative experiences that diminished their confidence.

<sup>25</sup> Additional response options included Intro Webinars, Stackwell's YouTube channel, and virtual events.

<sup>26</sup> Previous investing experience is defined as having a brokerage account, use of an investing app, or owning cryptocurrency.

For example, one interviewee shared how she lost \$100 after using another investing app to buy cryptocurrency, which left her uninterested in continuing to pursue investing. Four out of the seven interviewees specifically mentioned the value of the hands-on opportunity the investment funds provided, and some described the money as a key factor that pushed them to get started. As one person commented, “It was a blessing to have the funding from the Stackwell program to get going.” Some program participants even opted to invest their own money as well as the funds from the program. An interviewee shared how the initial funds in her Stackwell account made her comfortable putting her own money into the stock market and researching investing; she is now depositing \$25 a month into her Stackwell account and plans to deposit more in the future.

In addition to feeling more knowledgeable and comfortable with investing, interviewees discussed how they changed their approach to managing their business and personal finances due to participating in SBIP. Two interviewees shared that the program motivated them to separate their business and personal finances, including taking steps to start paying themselves. One specifically mentioned how the program helped her understand the importance of having resources to absorb a financial shock and the need to take some money out of the business to help build a personal financial safety net. Another interviewee talked about how working with a Prudential Financial advisor associated with SBIP

helped him understand the importance of a personal budget and the need to review finances regularly.

Stackwell became a trusted source of information for participants in making investment decisions. At the end of the study, when asked about sources of financial advice, survey respondents cited Stackwell more frequently than any other source (67%). This was 22 percentage points higher than the second most-popular option, “My bank or other financial institution,” which was selected by 45% of survey respondents. In interviews, participants spoke of the personal relationships they had developed with the Stackwell team, with one saying, “These people genuinely care about me, you know, and I can feel it. It’s not fake. It’s authentic. It’s real.”

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**As one interviewee put it,  
“I’m proud to have an investment account.”**

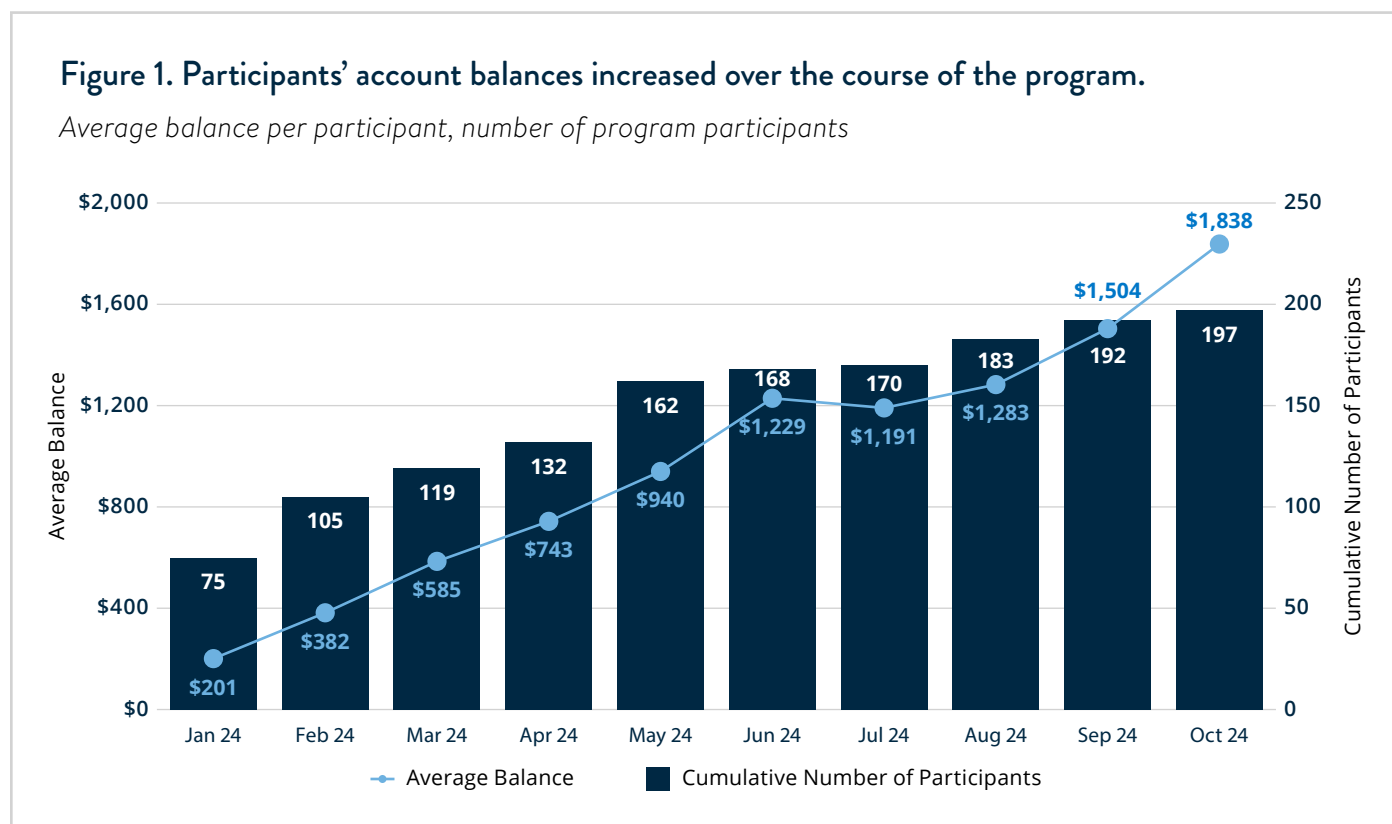
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Interviewees had overwhelmingly positive feedback regarding both SBIP and Stackwell, and all planned to continue using the Stackwell app after the program ended. One participant shared, “I definitely intend to stay with Stackwell, even if I move on to doing other investing. Stackwell will probably be with me from now on.” Participants talked in the interviews about how the program left them feeling empowered and built loyalty. As one interviewee put it, “I’m proud to have an investment account.”

# Small Business Owners Took Steps Towards Building Wealth

*Participants invested in the stock market while managing their businesses, showing a demand for solutions to help build wealth.*

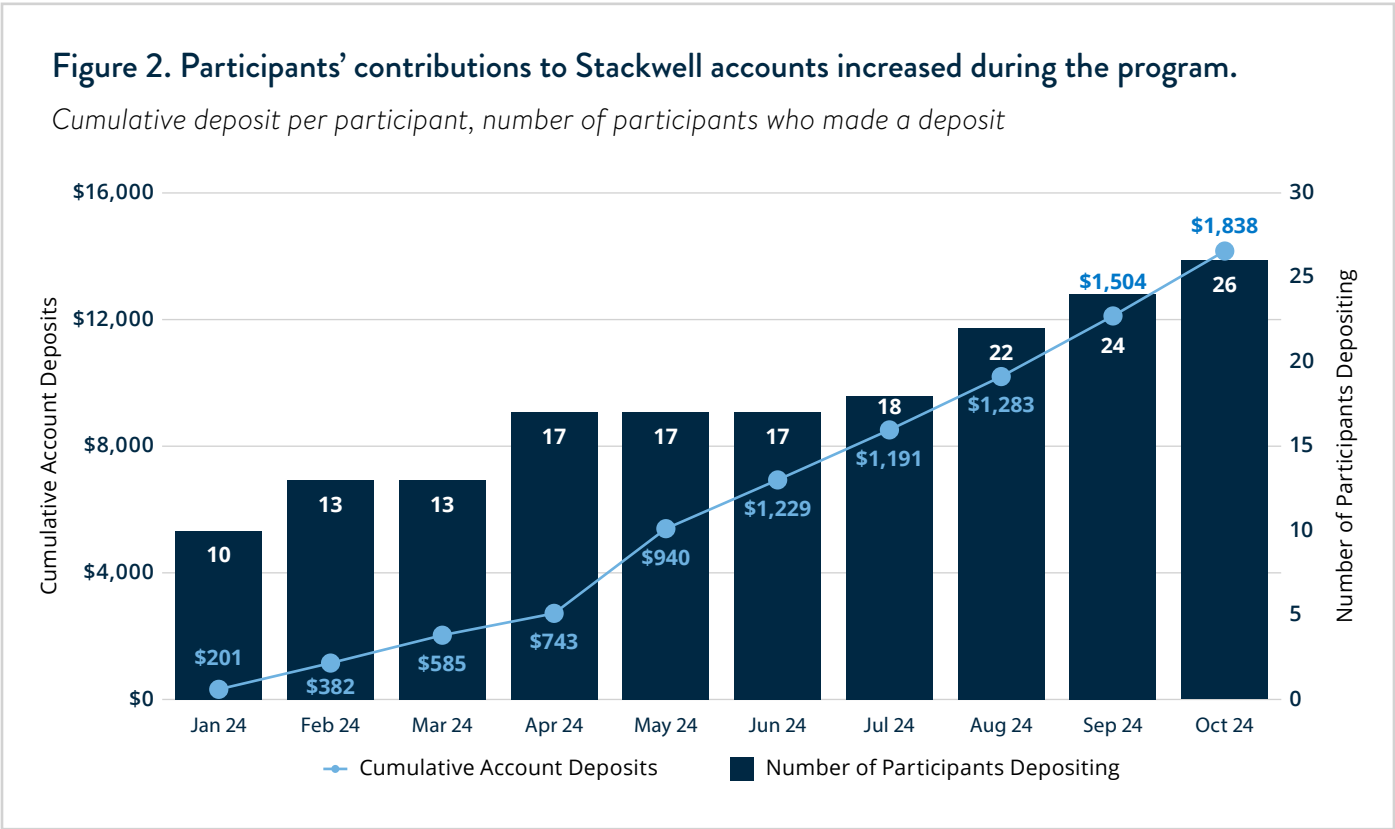
While many participants faced financial challenges during SBIP, they stayed focused on the importance of building wealth. That commitment was reflected in how many of the small business owners used their Stackwell accounts and engaged in SBIP activities. Driven by program credits, individual deposits, and market returns, participants' balances in their Stackwell accounts grew throughout the study period, with an average balance of \$1,838 at the end of the study period (Figure 1).<sup>27</sup>



<sup>27</sup> The study period ended before the full \$2,500 of account credits were distributed to program participants.



Over the course of SBIP, participants collectively deposited just over \$14,000 of their own money into their Stackwell accounts (Figure 2). Notably, 20% made at least one deposit during the study period. Furthermore, a significant majority (75%) demonstrated a commitment to long-term investing by refraining from withdrawing funds from their account.



Interviewees shared a mix of reasons for contributing to their Stackwell accounts. One said she set aside funds to help purchase a home and chose not to touch her Stackwell account so the money would grow over time. Others saw it as a way to build a financial cushion, and one described “playing the long game,” steadily reinvesting his income with the goal of giving back to his community as a philanthropist. Interviewees consistently talked about their Stackwell account as an investment in their future.

While some participants withdrew money from their accounts (25%), it wasn’t due to concerns about investing in the stock market. The primary reasons

survey participants cited for withdrawing money from their accounts were unexpected personal expenses (65%) and business expenses (47%). No survey respondents selected reasons related to concerns about investing, including a lack of confidence in investing, dissatisfaction with account growth, fear of losing money, or feeling unprepared to invest. Interview findings reinforced this trend, including two interviewees who shared they had to access money from their Stackwell accounts for short-term expenses, but did so begrudgingly and planned to put the money back into their accounts in the future.

## CONCLUSION

# SBIP Offers Black Business Owners a Promising Pathway to Build Wealth



Wealth is foundational, enabling people to support their families, plan for the future, and start and grow a business. Yet Black small business owners continue to face structural barriers to building wealth that impact their businesses and personal finances. Programs like SBIP demonstrate promising potential to support Black business owners by providing the opportunity to build wealth by investing in the stock market.

Despite the challenges SBIP participants faced with their personal financial health, they actively used the Stackwell app to grow their account balances and gain hands-on stock market investing experience. Interviewees reported that the program's educational workshops and investment tools boosted their confidence and knowledge about investing, leaving them empowered to continue building wealth and improving both their personal and business finances.

Structural support of Black small business owners should address multiple aspects of their financial lives. Financial institutions can play a critical role in supporting Black consumers in building personal wealth that can help them start and grow businesses. At the same time, organizations that support Black small business owners, such as CDFIs, small business lenders, and community organizations, should consider taking a holistic approach that not only supports the small business but also the owner's personal finances. Funders and philanthropists can accelerate this work by supporting initiatives that intentionally bridge personal and business finance to support Black business owners. By ensuring a focus on the small business owner as an individual, initiatives can support their financial health and ultimately enable more Black-owned businesses to thrive.

# Appendix

## Methodology

This research drew from three different data sources:

- A survey of MBBA membership, including both those who did and did not participate in the Small Business Investment Program.
- Administrative data from the Stackwell app.
- In-depth individual interviews of MBBA members participating in SBIP.

All data were collected at the individual level and de-identified. Survey responses and administrative data were linked to provide a more comprehensive picture of app users' experiences.

**Table A1. The SBIP timeline.**

Activity	Date
MBBA members begin enrolling in SBIP	January 2024
Baseline survey	Jan. 17, 2024 - May 23, 2024
Initial interviews	January - February 2024
Administrative data	January - October 2024
Follow-up survey	Oct. 23, 2024 - Dec. 15, 2024
Final interviews	October - November 2024
SBIP ends	December 2024

### Survey Samples

MBBA invited all members to respond to the study surveys, including members who participated in the Small Business Investment Program as well as non-participants, as a comparison group. We conducted

a pre- and post-survey analysis with both the participants and the comparison group to explore the program's impact. However, due to small sample sizes, we did not include the comparison group analysis in this report. We dropped seven respondents who did not identify as business owners during our analysis. Respondents received a \$25 Amazon gift card as a survey completion incentive.

**Table A2. Survey sample overview.**

	Baseline	Follow-up
Completed survey	157	126
Comparison group	85	45
Analytic sample (small business owner program participants)	72	81

Some members who responded to the baseline survey did not participate in the follow-up survey, and vice versa. However, the demographic and financial health characteristics of respondents of both samples show no meaningful differences.

### Administrative Data

Administrative data includes app usage (e.g., number of app log-ins), transactions (e.g., deposits, withdrawals, and balances), and user characteristics (e.g., time horizon for investing). Except for user characteristics data (which participants complete when they sign up on the app and select an investment portfolio), app usage and transaction data were collected daily. The last day of data collection for app usage and transactions was October 31, 2024.

### Qualitative Data

The Financial Health Network conducted seven interviews with SBIP participants at the start of the program and seven more at the end of the study period. The 14 distinct SBIP participants were recruited through a partnership with MBBA. MBBA members who participated received a \$150 Visa gift card.

Observations of participant interviews at the beginning and end of the study period informed our qualitative findings. We reviewed the interviews to capture themes and trends that would help us understand interviewees' investing perceptions, behaviors, and financial health. These findings were integrated with survey results and administrative data to ensure a comprehensive understanding of participants' experiences in the program.

### Survey Respondent Demographic and Business Characteristics

The small business owners who participated in this study were all Michigan Black Business Alliance members.

**Table A3. Household income of surveyed SBIP participants.**

Income	Baseline	Follow-up
<\$30,000	8%	11%
\$30,000-\$59,000	11%	17%
\$60,000-\$99,000	31%	26%
\$100,000-\$149,000	29%	27%
\$150,000+	21%	19%
N	72	81

**Table A4. Age of surveyed SBIP participants.**

Age	Baseline	Follow-up
18-25	1%	0%
26-35	26%	25%
36-49	50%	49%
50-64	22%	23%
65+	0%	2%
N	72	81

**Table A5. Gender identity of surveyed SBIP participants.**

Gender	Baseline	Follow-up
Male	14%	17%
Female	86%	83%
N	72	81

**Table A6. Business revenue of surveyed SBIP participants.**

Business revenue	Baseline	Follow-up
\$1,000 or less	15%	12%
\$1,000-\$25,000	39%	32%
\$25,000-\$50,000	15%	19%
\$50,000-\$100,000	14%	19%
>\$100,000	17%	18%
N	72	81



**Table A7. Age of business of surveyed SBIP participants.**

Age of business	Baseline	Follow-up
< 3 years	38%	25%
3 - 5 years	25%	30%
6 - 10 years	22%	28%
> 10 years	15%	17%
N	72	81

**Table A8. Number of employees of surveyed SBIP participants.**

Number of employees	Baseline	Follow-up
0	57%	42%
1 - 4	40%	48%
5+	3%	10%
N	72	81



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