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## Could Crypto Help Close the Racial Wealth Gap?

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Design: theSkimm | Photo: Lule Demmissie

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Decentralized finance and [cryptocurrencies](#) could potentially reshape our financial system, from who's participating to who's profiting. And one of the big questions people are asking: Could cryptocurrencies — and decentralized finance more broadly — help close the racial wealth gap? theSkimm spoke with Lule Demmissie, the US CEO of the social investment platform eToro, about the role crypto could play in [closing the racial wealth gap](#). Her answers have been edited for length and clarity.

### theSkimm: Could cryptocurrencies help close the racial wealth gap?

**Demmissie:** First, I respect the size and scope of the challenge of closing the racial wealth gap too much to think one silver bullet will fix it. This is a monumental, historic wrong that is hundreds of years in the making. But do I think innovations like crypto can play a key part in helping reduce that gap? Absolutely. These innovations could be game-changers.

We already see this happening. And not only in with the racial wealth gap, but the wealth gap between men and women, and between queer and straight communities. And across all the intersections between. Crypto adoption among people of color in the US is higher than white people — a 2021 Harris poll found that 30% of Black people and 27% of Hispanic people in the US hold crypto assets, compared to 17% of white people.

Crypto, and DeFi in general, offer an alternative to centralized financial institutions, which have historically excluded marginalized groups in the US and globally. In addition to being a means of ownership of assets and exchange, this innovation may also be able to address some key challenges of the unbanked and underbanked populations in our communities. Traditional systems of finance have either failed or not wanted these members of our community. And their participation can afford them both transactional financial freedom and the opportunity to



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**Education is important when it comes to building wealth. How can underrepresented communities learn more about cryptocurrencies and decentralized finance?**

Education is absolutely crucial to starting an investment journey, and many resources are tailored for how a person wants to invest. There is a myriad of educational resources available to the DeFi-curious among us. Free resources include access to educational tools through organizations like eToro, which provides educational resources for all levels of investors.

There are also many social groups that focus on investment education and growth, many of which are tailored to specific communities — Black women or AAPI millennials, for example. eToro research indicates that investors like to have a social network with which they can discuss strategies and investment ideas.

There's also something to be said for education through trial and error. We're all students of the markets, and sometimes it helps to just get your feet wet. eToro has a virtual portfolio option that you can use to simulate your investing journey while you learn.

**What risks should underbanked communities know about before investing in cryptocurrencies?**

Every investment comes with risk. Like all innovations, crypto assets come with a lot of risks. For example, [Bitcoin](#) has gone through a 20% selloff every six months on average since 2011. It's natural for a young market, and the consistent swings should be taken into consideration when you start investing.

Each investor must assess their own financial situation and risk appetite. Diversification is always a key tenet investors should consider. Never invest more than you can afford to lose, especially in the short run. We do a disservice to people who are not born into wealth if we don't also discuss the potential benefits of long-term investing and learning about innovations.

**What can those in decentralized finance do to help close the racial wealth gap?**

For tomorrow's innovations to carry less of the legacy of inequality, we need to face our shortcomings. Those of us in the DeFi space need to create a welcoming, education-driven, and accepting environment to open the top of the funnel. Make diverse hires — the commitment to diversity has to start from within. The builder's table needs to have broader representation and we need to help intersectional communities to engage in that first seed of curiosity.

When we go down a path that chills innovation or increases the barriers to engage, then all we accomplish is the maintenance of the status quo. So let us ask: How can DeFi help solve the challenges that centralized finance has not been able to solve on its own? One does not need to cease for the other to exist.

**For those interested in building wealth through career advancement, what are some emerging career paths for those who may be interested in getting into cryptocurrency and decentralized finance?**

There are so many opportunities in the crypto space. Of course, there are many financial-specific jobs like analysts and advisors, but there also exists a need for people who can do more than finance-specific roles. The financial sector needs other skills like marketing, creative communications, PR, customer service, etc.

In fact, having different backgrounds in the room enriches innovation and creative out-of-the-box problem solving. Creating a team capable

and creative, out-of-the-box problem-solving. Creating a team agnostic of financial service background leads to thinking like a new investor — more than a few of my team are — and can help ideate how to reach people who are just beginning to engage in investing.

If you are interested in a career in retail investing, or crypto, and feel that a lack of financial background is holding you back, apply anyway. In an industry thirsty for all kinds of diversity, set yourself apart from the pack.

## theSkimm

Cryptocurrencies alone probably can't close the racial wealth gap. But providing educational resources to underbanked and unbanked communities, and diversifying the DeFi industry could help.

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