Intergenerational Race-Based Trauma and Financial Market Participation

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Abstract

Theory and empirical research attribute low household stock market participation partly to market frictions and behavioral biases, but substantial cross-sectional variation remains unexplained. This paper examines whether historical race-based trauma shapes current household financial market participation. Our analysis exploits generational exposure to the Freedman's Savings Bank (FSB), established in 1865 to encourage Black Americans to save. The bank collapsed in 1874 due to fraud and mismanagement. Using restricted-use Panel Study of Income Dynamics (PSID) data, we link present-day stock ownership to historical FSB branch locations. We show that personal, parental, and grandparental exposure to the FSB reduces stock market participation among Black individuals. These effects persist after controlling for socioeconomic and geographic differences, migration, and broader patterns of racial exclusion. Our findings reveal intergenerational transmission of race-based financial trauma and a robust mechanism perpetuating the racial wealth gap. (JEL: D14, D63, G41, G51)

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Prejudice is a burden that confuses the past, threatens the future, and renders the present inaccessible.

- Maya Angelou, Author and Activist

1 Introduction

The persistent racial wealth gap between Black and White Americans is the largest of the economic gaps between the two racial groups (Derenoncourt et al., 2024). According to U.S. Census data, median net worth in 2022 was $256,000 for White households and was $31,250 for Black households.[1] While this nearly $225,000 racial wealth gap has its roots in the enslavement of Black people in the U.S., the gap is perpetuated through significant, lasting racial disparities that affect almost every wealth-creation opportunity in U.S. society.

The question of whether Black Americans' economic status is shaped by race-based trauma is important for several reasons. Given the significant racial wealth inequality in the U.S., it is crucial to understand all factors that continue to negatively affect wealth accumulation for people of color. Black Americans face substantial disparities in financial security throughout their lifetimes, leading to an increased risk of old-age poverty (Bogan, 2023). 19.3% of Black Americans aged 65 and older lived in poverty in 2017, more than double the rate of 9.2% for all older Americans.[2] Identifying the mechanisms that influence household portfolio choices and contribute to these disparities is critical for understanding distributional welfare issues and designing policies to address racial economic inequality.

Stock market participation is a key means by which households are able to accumulate

[1] `https://www.census.gov/data/tables/2022/demo/wealth/wealth-asset-ownership.html`

[2] `https://www.americashealthrankings.org`

wealth. However, U.S. household stock market participation is lower than would be predicted by standard asset pricing models, given historical risk-adjusted returns from holding stock. Correspondingly, there is a rich literature investigating investment decision-making behavior in order to reconcile observed stock market participation rates with theoretical asset pricing models (see, for example, Haliassos and Bertaut (1995); Hong, Kubik and Stein (2004); Bogan (2008); and Laudenbach, Malmendier and Niessen-Ruenzi (2020)). To date, limited cross-sectional variation in portfolio behavior has been explained in the empirical finance literature on portfolio choice. However, race has been one factor that is significantly correlated with lower stock market participation rates. In particular, Black households consistently have been found to be less likely to own stocks than White households (Bennett and Chien, 2022). Using Panel Study of Income Dynamics (PSID) data from 1999 through 2023, we find 25.2% of White households but only 4.0% of Black households hold individual stocks or mutual funds outside of defined contribution (DC) pension plans or Individual Retirement Accounts (IRAs).

Race-based traumatic stress has been shown to have a differential impact on economic agents depending on their ethnicity (Carter, 2007; Torres, Driscoll and Burrow, 2010; Lewis, Cogburn and Williams, 2015; Lockwood and Cuevas, 2022). The effects of race-based trauma and discrimination have been shown to influence education and health (Evans, Garthwaite and Moore, 2016; Glover, Pallais and Pariente, 2017; Alsan and Wanamaker, 2018). More recently, the link between race-based trauma and financial decision-making has been documented. Albright et al. (2023) find that during the twenty years after the 1921 Tulsa Race Massacre, the African American population within and outside of Tulsa suffered from decreased home ownership and declines in occupational status. Antman and Duncan (2024) show childhood exposure to lynchings of Mexicans in Texas had negative effects on

the home ownership rates of Mexican Americans. Bogan et al. (2024) show that exposure to race-based police violence negatively affects both home ownership and retirement savings for the surrounding Black community, not just those directly affected by police violence.

There is evidence that traumatic stress can be passed across generations, which could affect decision making. In principle, such transmission could occur through a variety of mechanisms. Epigenetic (changes in the way genes function in response to environmental cues), social, and psychological mechanisms have all been explored. Numerous biological studies have demonstrated intergenerational epigenetic inheritance in humans, from parent to child (van den Berg and Pinger, 2016). For example, Yehuda et al. (2016) and Bierer et al. (2020) found specific genetic differences in adult offspring of mothers who were exposed to the Holocaust in childhood versus control participants. Furthermore, both maternal and paternal PTSD have been associated with specific genetic effects in offspring (Yehuda et al., 2014). Transgenerational epigenetic inheritance, from parent to child or subsequent generations, has been relatively less frequently studied in humans due to the length of time required to observe multiple generations. Chou, Huang and Yu (2024) report that the notion of transgenerational epigenetic inheritence is supported by the fact that genetic markers associated with exposure to stressors prior to conception can be passed along to offspring, though it is widely acknowledged that future research is critical to better defining the biological mechanisms through which trauma may be transgenerationally transmitted (Yehuda, Lehrner and Bierer, 2018). For example, Carslake et al. (2016) provide evidence that not all proposed paternal-line effects replicate.

In both the psychology and economic literatures, there also is evidence of personal trauma in humans affecting subsequent generations. Bezo and Maggi (2018) find the 1932-

1933 forced starvation and genocide of Ukranians affected the physical health of not only the survivors but also their children and grandchildren. Dashorst et al. (2019) reviewed 23 studies published between 2000 and 2018 and show that Holocaust survivor offspring have a higher incidence of mental health problems and that having two survivor parents resulted in higher levels of mental health issues than having one survivor parent. Althoff and Reichardt (2024) document significantly lower education, income, and wealth for Black American families whose ancestors were enslaved until the Civil War compared to Black American families whose ancestors were free before the Civil War.

Studies in both finance and economics have shown that psychological distress, trauma, and personal experiences can affect risk tolerance and investment decision-making behavior (Kamstra, Kramer and Levi, 2003; Malmendier and Nagel, 2011; Kramer and Weber, 2012; Bogan, Just and Wansink, 2013; Bogan and Fertig, 2013; Kim and Lee, 2014; Bogan and Fertig, 2018). Additionally, family experience can affect financial decision-making. Chiteji and Stafford (1999) find that the likelihood of an individual owning stocks is affected by whether their parents held these types of assets, reinforcing the intergenerational transmission of financial attitudes and behaviors. Further, financial socialization within households plays a crucial role in shaping stock market participation. Mueden, Niessen-Ruenzi and Zimmerer (2025) show that parents have financial discussions less frequently with daughters than with sons, and women are less likely to acquire financial competencies at school. This gap in early financial socialization translates into lower financial literacy, reduced financial confidence, and ultimately lower stock market participation among women. Similarly, Liao, Liu and Lu (2024) highlight that childhood gender socialization influences financial behaviors in adulthood. Individuals raised in male-dominated households—where fathers have higher incomes or education levels than mothers—are more likely to invest in

the stock market, with this effect being stronger for men. Taken together, these studies emphasize the long-lasting impact of childhood socialization and family financial dynamics on investment behavior, further reinforcing the role of intergenerational influences in shaping financial decision-making.[3]

Given the literature demonstrates that family experiences influence investment decisions, trauma can be passed across generations, and trauma (including race-based trauma) affects economic decisions, we investigate a question at the nexus of these research strands. We try to understand the effect of trauma on the investment decisions of subsequent generations. A distinguishing feature of this paper is that we examine the effects of Black Americans' historical racism-related trauma on the financial decisions of their descendants. Specifically, we use generational exposure to the Freedman's Savings and Trust Company, commonly known as Freedman's Savings Bank (FSB), to analyze the effect of historical financial trauma on future generations' stock market participation. As we detail later in the paper, the FSB was established in 1865 to encourage Black Americans to participate in savings opportunities. Unfortunately, due to fraud and mismanagement, the bank collapsed in 1874, resulting in significant losses for depositors, which affected the Black community disproportionately. We find that the historical race-based trauma, associated with the failure of the FSB, negatively affects the current financial market participation of Black Americans in a way that limits wealth accumulation. Specifically, we show that households headed by a Black individual who grew up in a county that historically had an FSB branch are significantly less likely to participate in the stock market compared to households headed

[3]While families play a central role in shaping financial behavior, peer effects extend beyond the household. Previous literature shows that individuals' stock market participation is influenced by the investment behavior of their neighbors (Brown et al., 2008), local peers (Kaustia and Knüpfer, 2012), and coworkers (Ouimet and Tate, 2020), establishing the role of social learning in an investment context (Bursztyn et al., 2014).

by non-Black individuals who grew up in an FSB county. These results control for standard demographic and socioeconomic determinants of stock market participation, as well as time-varying county-level unobservables. Notably, we are able to compare Black and non-Black households within the same county to address concerns that FSB counties generally have lower wealth levels and fewer resources than other U.S. geographic areas. The effect is large in magnitude, corresponding to an over 80% lower stock market participation rate for Black households relative to the mean stock market participation rate in our sample. This effect extends to households headed by Black individuals whose father or grandfather grew up in FSB counties, suggesting the intergenerational transmission of race-based financial trauma.

By using newly available data on geographic locations with extreme racial exclusion – sundown towns – we show that our findings are not driven by the experience of more general racial exclusion. Additionally, our results are robust to controlling for unobserved county-level differences arising from early-life experiences of household heads and their parents. In a subsample analysis, we also show our results are not driven by differences between states that historically had FSB branches versus those that did not. Finally, by controlling for participation in employer-sponsored retirement accounts, we show that our findings are not driven by differences in retirement savings behavior. Overall, this paper provides evidence that historical race-based trauma reduces descendants' stock market participation, which in turn systematically disadvantages Black Americans' prospects for wealth accumulation.

We hypothesize that trauma-induced lack of trust in financial institutions, transmitted through familial connections, is a key mechanism through which household financial decision making is affected. Stein and Yannelis (2020) show that Black households in counties

that had an FSB branch are more likely to indicate lack of trust as the reason for being unbanked. Furthermore, there is a substantial body of related literature demonstrating trust influences stock market participation (Guiso, Sapienza and Zingales (2008), Balloch, Nicolae and Philip (2015), Giannetti and Wang (2016)).

This paper contributes to the literature in several ways. First, we illustrate another mechanism through which racial wealth inequality is perpetuated. Second, we provide more support for the intergenerational transmission of financial behavior and decision-making. Third, we identify race-based trauma as a significant source of cross-sectional variation in stock market participation rates.

The remainder of the paper proceeds as follows. Section 2 discusses race-based trauma with regard to Freedman's Savings Bank. Section 3 presents the data and methodology. Section 4 presents the main results and robustness checks. Section 5 discusses our hypothesized mechanism and Section 6 provides concluding remarks.

2 Race-Based Trauma and Freedman's Savings Bank

The FSB, established in 1865 following the U.S. Civil War, aimed to integrate Black Americans into the formal financial system by providing savings accounts and encouraging economic participation. Chartered as a private institution, it was initially tasked with investing depositor funds in secure government securities to promote financial stability and trust. Tens of thousands of freed people across the United States patronized FSB branches as a way to invest in their own economic freedom. Black Americans had deposited over $50 million dollars (more than $1.4 billion in 2024 dollars) in FSB by 1874 (Edwards, 2024,

p. xvi). Over time, however, the FSB shifted its focus from a savings bank. In 1870, the bank trustees obtained congressional approval to operate as a commercial bank instead of a savings and trust company (Edwards, 2024). This change enabled FSB to expand its investments into riskier, more speculative areas, further exposing it to vulnerabilities. FSB administrators began making loans to White people with close personal connections to the bank's trustees, while Black depositors were barred from borrowing any funds (Edwards, 2024, p. xv). These loans benefited White borrowers and bank managers rather than the Black American depositor majority (Henry, 1939; Osthaus, 1976).

The FSB was plagued by governance failures, mismanagement, and fraudulent practices by its predominantly White leadership. These issues were exacerbated by broader economic conditions, particularly the Panic of 1873, which strained liquidity and heightened distrust in financial institutions. Ultimately, the FSB became insolvent and collapsed, which led to the loss of depositor funds (Fleming, 1927; Célérier and Tak, 2025).

The collapse disproportionately impacted Black American depositors, who accounted for an estimated 92% of the bank's clientele (Célérier and Tak, 2025). Using U.S. Census data, Célérier and Tak (2025) estimate that depositors lost 80% of their remaining account balances as of July 1874. Further, these individuals collectively lost an estimated 10% of the total wealth of the Black community at the date of the FSB failure (Célérier and Tak, 2025), a significant setback for a population newly engaging with formal financial systems. In contrast, White depositors, who were in the minority, experienced less pronounced effects due to broader access to alternative financial systems. Traweek and Wardlaw (2025*b*) show that financially sophisticated White depositors withdrew early from the FSB before its failure, leaving Black depositors to bear disproportionate losses.

After the FSB ceased operations, Black American FSB customers unsuccessfully spent decades pleading with attorneys general, the U.S. Congress, and U.S. presidents to help them recoup their deposits (Edwards, 2024). Many Black Americans had viewed FSB as a cornerstone of economic opportunity during Reconstruction, and its failure undermined their trust in formal financial institutions (Baradaran, 2017; Arthi, Richardson and Van Orden, 2024). The betrayal of trust due to the malfeasance of FSB and the subsequent lack of government protection of their assets was particularly traumatic for the Black community due to the fact that bank administrators had trumpeted the message that Black people had a moral obligation to save (Edwards, 2024; Célérier and Tak, 2025). Figure 1 highlights an example of this FSB messaging to the Black community in its early years. Moreover, after the FSB failure, the Black victims were criticized for entrusting their money to FSB and were accused of "financial ignorance and misguidedness."[4] Yet, this "strategic pillage of the Freedman's Bank by white capitalists represented another type of violence against African Americans."[5]

The failure of the FSB had immediate effects on financial behavior. Many Black Americans, disillusioned with banks, turned to alternative savings mechanisms such as life insurance and community-based financial practices. The collapse also limited opportunities for Black Americans to accumulate and transfer wealth intergenerationally, further exacerbating racial economic disparities (Williams and Jones, 1941; Bullock, 1957).

This paper analyzes the effects of this trauma on subsequent generations of Black Americans that did not have direct financial exposure to or losses from FSB. It ties to a growing body of literature which studies the economic effects of the FSB on Black Americans. Arthi,

[4]Edwards (2024), p. 11
[5]Edwards (2024), p. 9

Richardson and Van Orden (2024) analyze the effect of the FSB collapse on the demand for life insurance. They find a persistent increase in life insurance demand in the Black American communities of affected counties. Stein and Yannelis (2020) use FSB data to show families with accounts at the bank experienced positive outcomes such as more education, higher income, business ownership, and real estate wealth. Yet, Célérier and Tak (2022, 2025) challenged the findings of Stein and Yannelis (2020, 2021) due to concerns about the identification strategy assumptions. Célérier and Tak (2025) demonstrate that FSB practices and strategies contributed to racial wealth inequities not benefits for Black households. They show that expanded advertising practices allowed under deregulation and false claims led to increased FSB deposits from Black American depositors despite the bank's insolvency issues. This led to amplified depositor losses following the bank's collapse, because these advertising practices steered minorities toward inferior financial products.

3 Data and Methodology

3.1 PSID data

One novel aspect of our paper is that our main sample utilizes data from the restricted-use Panel Study of Income Dynamics (PSID) database.[6] The PSID is a biennial longitudinal panel survey of US households that contains important demographic, socioeconomic, and geographic information. We use restricted-access data to identify the U.S. county where PSID household heads grew up, along with the counties where their fathers, mothers, and grandparents grew up. This allows us to determine whether PSID household heads or their

[6] Panel Study of Income Dynamics, public use dataset and restricted use data. Produced and distributed by the Survey Research Center, Institute for Social Research, University of Michigan, Ann Arbor, MI (2023–2025).

ancestors were raised in a county where one of the 37 FSB branches was located.

Our sample consists of household heads who are at least 18 years old and grew up in the U.S.[7] The sample period spans 13 biennial survey waves from 1999 to 2023, beginning in 1999 when consistent data on stock ownership became available.[8] We start with 111,729 biennial observations from 1999 to 2023 for the full PSID sample of household heads aged 18 or older. The unavailability of data on the state and county where the household head grew up reduces the sample to 98,390 observations. Additional missing control variables further reduce the final sample to 96,358 household-year observations that represent 15,814 unique households.

To investigate whether the FSB failure had a long-lasting impact on Black Americans' investment behavior, we use information on the geographic location of 37 FSB branches opened starting in 1865 to the early 1870's from Célérier and Tak (2025) and Traweek and Wardlaw (2025*b*). Table 1 contains a list of these branches, and a map showing the branch locations appears in Figure 2, with counties that contained a branch indicated in green. Using the county locations of each FSB branch, we identify whether household heads in our sample grew up in, or had a parent (or grandparent) who grew up in, a county that had an FSB branch during the 19th century.

Panel A of Table 2 contains summary statistics of the raw data, while Panel B follows Brunnermeier and Nagel (2008) and reports summary statistics based on PSID sample

[7] In the PSID, the household head is typically the person who owns or rents the dwelling, with male partners designated as heads in married or cohabiting households.

[8] We measure households' stock market participation based on whether they own shares of stock in publicly held corporations, stock mutual funds, or investment trusts. We do not include equity ownership through pensions or IRAs in our main analysis, because we are interested whether individuals actively decide to participate in the stock market through their own financial choices.

weights.

In the raw sample (Panel A), 38% (58.8%) of households are classified as Black (White), while the use of PSID sample weights in Panel B reduces this number to 15.6% (80.5%), which is much closer to the 13.7% (75.3%) reported in 2024 U.S. Census data.[9] Thus, it appears reasonable to use PSID sample weights in our analysis to obtain a more representative picture of financial decision making in U.S. households.

With respect to other demographic characteristics, sample weighted summary statistics in Panel B show that 32.9% of household-year observations have a female household head, and the average household head age is 51.9 years old. About 21.6% of household-year observations indicate stock market participation, and 6.4% of household-year observations indicate household heads grew up in a county with an FSB branch.

3.2 Empirical model

We examine the effect of exposure to FSB branches on stockmarket participation using several proxies for exposure. We identify if the household head grew up in a county that contained an FSB branch and if parents or grandparents grew up in a county that contained an FSB branch. Since FSB closed in 1874, these geographic proxies allow us to measure historical exposure and its differential effect on Black household financial decisions. Specifically, we will compare stock market participation of Black households in FSB and non-FSB counties to stock market participation of non-Black households, using the

[9] see `https://www.census.gov/quickfacts/fact/table/US/RHI225223`.

following empirical model:

$$y_{ijt} = \beta_1(Black_i \times FSB_i) + \beta_2 Black_i + \beta_3 FSB_i + \omega' \mathbf{X}_{it} + \zeta_{jt} + \gamma_{\text{yrborn}_i} + \delta_{\text{age}_i} + \varepsilon_{ijt}, \quad (1)$$

where y_{ijt} is stock market participation for household head i currently residing in county j in year t. $Black_i$ is an indicator for whether household head i reports their primary race as Black, and FSB_i indicates whether the household head i grew up in a county that had an FSB branch. Our independent variable of interest is an interaction term ($Black_i \times FSB_i$), which measures the differential effect of geographic proximity to historical FSB branches for Black households relative to non-Black households. Additional versions of this model proxy for FSB exposure based on whether the household head's father, mother, or grandparent grew up in a county that had an FSB branch.

The model includes a matrix of control variables, $\mathbf{X}_{it}$, to account for observable factors that have previously been shown to influence stock market participation including gender, education, marital status, household size, income, and wealth. We also examine whether health status explains the observed relationship between FSB county exposure and equity market participation and include a measure of physical health status (number of chronic health conditions) of the household head (Bogan and Fertig, 2018). Additionally, we include county-by-year fixed effects, ζ_{jt}, to control for unobserved time-varying factors specific to each county where the household head lives at time t. Fixed effects for year of birth, γ_{yrborn_i}, and age, δ_{age_i}, are included to account for differences due to generational cohort and life-cycle effects (Malmendier and Nagel, 2011). In our regressions, we apply the same PSID sample weights as in Table 2.[10]

[10] In Appendix Table A1, we show that our results are robust to estimating unweighted regressions.

4 Results

4.1 Baseline Results

Table 3, Panel A presents the results from our primary analyses for the full sample. Consistent with previous literature, we find that households with a Black household head are less likely to hold stocks. Specifically, the "Black" coefficient estimates show that the stock market participation gap between Black and non-Black households ranges between 8.6 and 22.5 percentage points, depending on the regression specification. Furthermore, the "Black X Grew up in FSB county" coefficient estimate in column (1) shows that being Black and growing up in a county that historically had an FSB branch is associated with an additional 10.5 percentage point decrease in the probability that a household participates in the stock market. The effect remains economically and statistically significant once we include county-by-year, birth cohort, and age fixed effects, as well as additional household-level control variables in column (2).

Summing the "Black" and "Black X Grew up in FSB county" parameter estimates in column (2) suggests that households headed by a Black individual who grew up in a county that had an FSB branch are 18.2 percentage points less likely to participate in stock markets compared to households headed by non-Black individuals who grew up in counties with an FSB branch; this corresponds to a 84.3% lower stock market participation rate relative to the mean stock market participation rate in our sample (21.6%).

Columns (3) through (6) of Table 3 examine whether this effect also extends to individuals whose parents grew up in counties that had an FSB branch. The interaction between being Black and having a father who grew up in an FSB county shows a significant negative

effect in columns (3) and (4). The combined economic magnitude of the effect of the "Black" and "Black X Dad grew up in FSB" parameters is comparable to our baseline result and amounts to 19.1 percentage points in column (4), resulting in 88.4% lower stock market participation rate relative to the mean. However, the interaction between being Black and having a mother who grew up in an FSB county is insignificant (columns (5) and (6)). The stronger effects of paternal versus maternal exposure to FSB race-based trauma echoes recent findings with respect to gender differences in early-life financial socialization (Liao, Liu and Lu, 2024; Mueden, Niessen-Ruenzi and Zimmerer, 2025). Columns (1) through (6) of Table 3 reflect partial effects of FSB exposure. In columns (7) and (8) we present the results of the full model which includes all of the FSB exposure proxies. In terms of signs and magnitudes, we find consistent results for all three proxies.

In Panel B of Table 3, we restrict the sample to Black households only, thereby changing the counterfactual to which we compare FSB exposure of Black households. Growing up in, or having a father who grew up in, an FSB county is correlated with a household head's current location, and that location may affect outcomes differently across racial groups. Furthermore, Black and non-Black households differ strongly on various sociodemographic dimensions, for example income and wealth (Althoff and Reichardt, 2024). Thus, the stock market participation gap between Black and non-Black households in Panel A might be influenced by unobservable differences between these households that are not captured by the control variables in our regressions (note, however, that we do include controls for income and wealth). Therefore, in Panel B, we examine only the subset of Black households, both with and without geographic exposure to the FSB failure.

Restricting the sample to Black households greatly reduces the sample size, and the re-

lationship between growing up in an FSB county and equity participation remains negative, but is no longer statistically significant in columns (1) and (2). However, we still obtain significant results for households having a father who grew up in an FSB county (columns (3) and (4)). We continue to find no significant effect of maternal FSB branch exposure in columns (5) and (6).

In columns (7) and (8) we present the results of the full model which includes all of the FSB exposure proxies. In terms of the sign and magnitude, we find consistently negative and significant results for the "Black X Dad grew up in FSB county" coefficients. The consistency of the paternal effect reinforces the importance of intergenerational transmission, particularly through fathers, even when focusing solely on Black household heads.

To further explore the intergenerational effects of the FSB collapse, Table 4 shows the differential effect by race of having a grandparent who grew up in a county that had an FSB branch. The results in columns (1) and (2) of Table 4 show Black household heads whose grandfathers grew up in an FSB county are less likely to participate in the stock market. We again find an insignificant (column (3)) or only marginally significant (column (4)) relationship between equity market participation and being Black with a grandmother who grew up in an FSB county. When all of the FSB exposure proxies are included, the results in columns (5) and (6) still show negative and significant effects for the "Black X Grew up in FSB county" and the "Black X Dad grew up in FSB county" coefficients. While the "Black X Grandpa grew up in FSB county" coefficient is insignificant, it is still negative. The loss of significance is likely due to the effect being dominated by the influence of the "Black X Dad grew up in FSB county" coefficient and the fact that "Dad grew up in FSB county" and "Grandpa grew up in FSB county" have a relatively strong degree of correlation

(with a correlation coefficient of 0.50; see Appendix Table A2).

4.2 Robustness Checks

In this section, we test the robustness of our results by exploring additional model specifications that account for exposure to more general (not finance-specific) racial exclusion, county-specific effects, state-specific effects, and indirect methods of participating in equity markets.

4.2.1 Racial Exclusion

Traweek and Wardlaw (2025*a*) show that racial violence against Black Americans reduced banking participation by Black people. It is possible that the observed effects of FSB county exposure on stock market participation are driven by broader historical racial exclusion rather than race-based financial trauma.

Logan and Parman (2025) discuss the socioeconomic correlates of racial segregation. To test the effect of broader geographic racial exclusion on our results, we examine whether growing up in, or having a parent who grew up in, a county that had towns once classified as a "sundown town" can explain our findings. Sundown towns, also known as sunset towns, were geographic areas (cities, towns, or other regions) that practiced racial segregation and excluded Black people through discriminatory local laws, intimidation, and/or violence.[11] The term came into use because of signs that directed Black people to leave town by sundown. See Figure 3 for an example.

[11] See Rigby et al. (2025) for details on the history and identification of sundown towns.

For this portion of the analysis, we also employ a new data set of historical sundown towns in the United States compiled by Rigby et al. (2025). Rigby et al. (2025) categorize historical sundown locations based on the degree of confidence arising from the available evidence: "surely" for cases where there is overwhelming or very convincing evidence of sundown towns, "probable" for cases where there is strong evidence but more research would need to be done to be overwhelmingly sure, and "possible" for cases where there is some convincing evidence. Note that the surely, probable, and possible categories are mutually exclusive.

Figure 4 contains maps of the counties in which the sundown towns were located along with the counties that contained FSB branches. Panel (a) shows the counties that surely contained at least one sundown town in yellow, and counties that contained an FSB branch in green. There are no overlapping counties that both surely contained a sundown town and an FSB branch. Panel (b) shows the counties that probably contained at least one sundown town in yellow, counties that contained an FSB branch in green, and counties that both probably contained a sundown county and an FSB branch in red, of which there are six: Mobile AL, Dekalb GA, Hamilton TN, Pulaski AR, St. Louis MO, and Jefferson KY. Panel (c) shows the counties that possibly contained at least one sundown town in yellow, green again depicts FSB counties, and red again depicts overlaps between counties that contained an FSB branch and counties that possibly contained a sundown town, of which there are three: Charleston SC, New Hanover NC, and Craven NC.

We construct indicators for whether a household head, their father, or their mother grew up in a county with a documented sundown town history, using classifications for "surely," "probable," and "possible" sundown towns based on geographic data and confidence levels

provided by Rigby et al. (2025). The correlations between growing up in, or having a parent from, an FSB county and growing up in, or having a parent from, a sundown county are all negative, as shown in Table 5.

Table 6 incorporates sundown county exposure into our baseline regression models. We find there is no effect of being Black and growing up in a sundown town county on stock market participation, as shown by the insignificant estimates on "Black X Grew up in SD county". Black individuals with fathers or mothers who grew up in sundown town counties actually are more likely to participate in the stock market relative to their non-Black counterparts, as shown by the positive and mostly significant estimates on "Black X Dad grew up in SD county" and "Black X Mom grew up in SD county." Importantly, the negative and mostly significant impact of FSB county exposure for Black individuals and their fathers remains robust after controlling for sundown town exposure, suggesting that exposure to the FSB collapse has a distinct effect on present-day stock market participation that cannot be explained by the broader racial exclusion.

4.2.2 County Grew-Up Fixed Effects

It is possible that our primary findings are driven by unobserved county-level characteristics tied to early-life environments, such as wealth, cultural norms, or institutional quality, rather than exposure to FSB-related trauma. Controlling for this effect is particularly important, especially since more than 55% of household heads in every sample year no longer live in the county where they grew up. Consequently, in addition to our baseline model's county-by-year fixed effects that account for time-varying trends in the county where an individual currently lives, Table 7 includes fixed effects for the county where

an individual grew up. Thus, this model addresses the possible concern that the results are driven by unobserved county-level characteristics linked to early-life environments, for example childhood parental wealth, access to regional resources, and regional cultural effects that could influence behavior in later life.

Table 7 shows the negative effect of growing up in an FSB county on Black household heads' stock market participation remains significant. To further account for county-level unobservables in parental upbringing, columns (2) and (3) include additional fixed effects for the counties where the household head's father and mother grew up. The results remain similar to our baseline findings in statistical and economic terms. Specifically, by summing the "Black" and " Black X Grew up in FSB county" coefficients in column (1), we find Black households in FSB counties are 18.3 percentage points less likely to participate in the stock market than White households in FSB counties. The effect is similar if the father grew up in an FSB county (16.7 percentage points) and is smaller and only marginally significant if the mother grew up in an FSB county (15.2 percentage points).

4.2.3 Migration

To further address concerns that our results may be confounded by migration, particularly since most households currently reside in non-FSB counties, we explicitly control for whether individuals or their parents migrated from the county where they grew up. Specifically, we include indicators for whether the household head currently resides in a different county than where they, their father, or their mother grew up (denoted in the table as "Migration from county grew-up," "Migration from county dad grew up," and "Migration from county mom grew up," respectively), and interact these with the Black indicator. Table 8 shows that

migration status is indeed correlated with lower equity participation for Black household heads, consistent with the possibility that relocating away from one's county of origin or one's parents' county of origin may affect outcomes differently across racial groups. However, the negative effect of FSB county exposure among Black households heads remains significant after accounting for migration. This suggests that the observed effects are not simply capturing geographic mobility or unobserved characteristics of counties of origin.

4.2.4 FSB State Subsample

Since FSB branch locations were not necessarily randomly selected, we additionally compare Black and non-Black households only within FSB states. Columns (1) to (4) of Table 9 restrict the sample to individuals currently living in states that historically had FSB branches to address concerns that these states may differ from those without FSB branches in ways that could drive the results despite the presence of county-by-year fixed effects. The negative effect of growing up in an FSB county (column (1)) or having a father who grew up in an FSB county (column (2)) on Black household heads' stock market participation remains statistically significant and of similar economic magnitude. Both effects remain significant in column (4) which includes all of the FSB exposure proxies. Column (5) restricts the sample to household heads who grew up in states with historical FSB branches, while columns (6) and (7) restrict the sample to those whose fathers were raised in FSB states, and columns (8) and (9) restrict the sample to those whose mothers grew up in states that historically had FSB branches. Our results are similar in all cases reinforcing that the findings are not driven by state-based differences among household heads who currently reside in, grew up in, or have a parent who grew up in a state with historical FSB branches.

4.2.5 Indirect Equity Market Participation

Table 10 examines the robustness of our findings by controlling for participation in DC pension plans and IRAs. These tax-advantaged retirement accounts provide structured exposure to equity markets, potentially influencing stock market participation outside of a retirement savings vehicle. By including DC/IRA ownership as a control, we ensure that the observed relationship between FSB county exposure and stock market participation is not simply driven by disparities in retirement savings behavior.[12] The results remain consistent even after controlling for DC/IRA participation. Specifically, summing the "Black" and "Black X Grew up in FSB county" estimates shown in column (1), we see that Black individuals who grew up in a county that historically had an FSB branch are 18.8 percentage points less likely to participate in the stock market, even when accounting for retirement plan participation. Similarly, Black household heads whose fathers (and to a weaker extent mothers) grew up in an FSB county also show a negative and significant effect on stock market participation, reinforcing the intergenerational impact of historical financial trauma.

5 Discussion

We hypothesize that trauma-induced lack of trust in financial institutions, passed through familial ties, is a channel through which the financial decision-making of these households is affected. Jiang and Lim (2018) demonstrate that higher levels of trust inherited from cultural and family backgrounds are linked to a lower likelihood of household debt default. In the 2023 FDIC National Survey of Unbanked and Underbanked Households, 10.6% of

[12] We do not include this variable in our main specifications due to data limitations. Including this variable reduces our sample by almost 25%.

Black households are unbanked compared to only 1.9% of White households (Federal Deposit Insurance Corporation, 2024). Using the 2023 FDIC data, we are able to replicate the findings of Stein and Yannelis (2020) and show that among the unbanked, Black households in counties with a historical FSB branch are more likely to cite lack of trust in banks as the primary reason for being unbanked, a pattern not observed among White households (See Table A3).

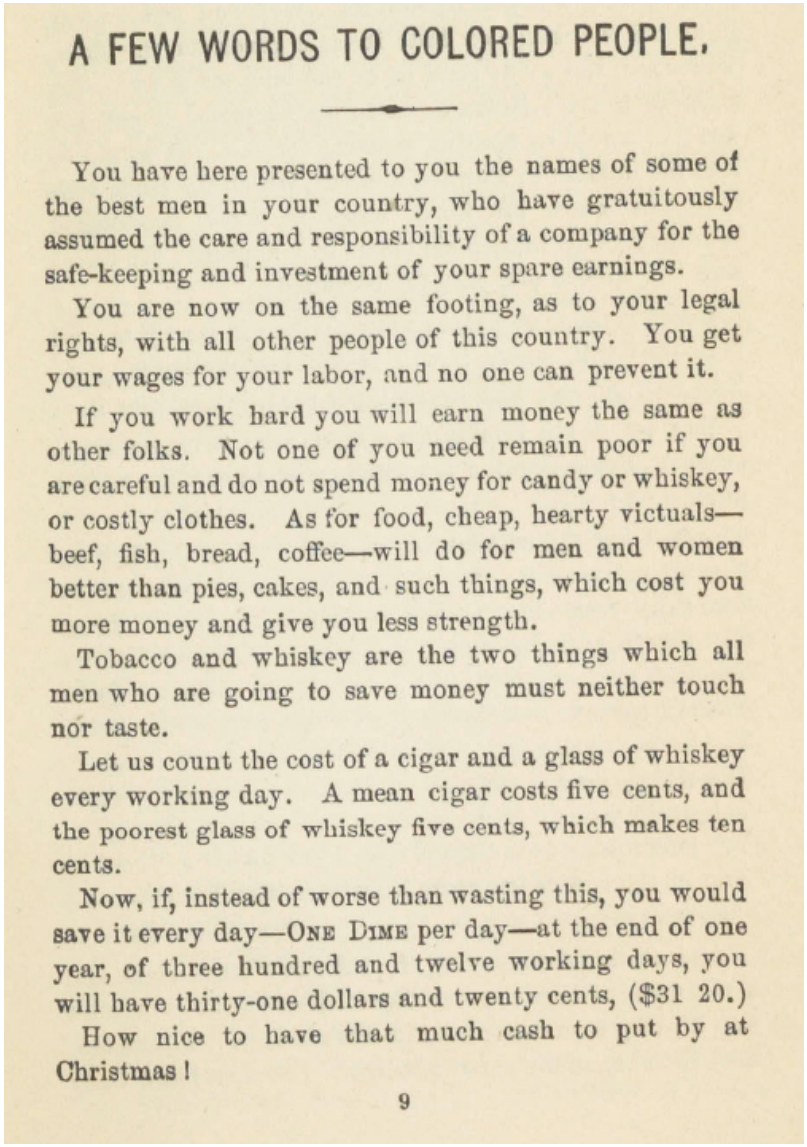
Furthermore, there is a growing body of literature that underscores the critical role of trust in shaping stock market participation. Guiso, Sapienza and Zingales (2008) show that individuals who are less trusting are less likely to invest in stocks, and, even when they do, they allocate a smaller portion of their wealth to equity. Similarly, Balloch, Nicolae and Philip (2015) highlight that trust in financial markets is a key determinant of stock ownership decisions, alongside stock market literacy. Additionally, Giannetti and Wang (2016) provide evidence that corporate fraud revelations erode trust in financial markets, leading to a decline in household stock market participation. These findings suggest that trust—or the lack thereof—can have long-term effects on investment behavior, particularly when negative financial experiences or systemic discrimination undermine confidence in financial institutions.

6 Conclusion

We present evidence that historical race-based financial trauma, passed across generations, negatively affects the financial market participation of Black Americans in a way that continues to limit wealth accumulation in the present day. Black Americans who grew up in a county that had an FSB branch are significantly less likely to engage with the stock

market. Additionally, having a father or grandfather (but not a mother or grandmother) who grew up in an FSB county has a strong negative effect on stock market participation of a household, further supporting the notion of intergenerational transmission. The stronger effect of paternal versus maternal exposure to FSB race-based trauma is consistent with recent findings with respect to gender differences in early-life financial socialization (Liao, Liu and Lu, 2024; Mueden, Niessen-Ruenzi and Zimmerer, 2025).

Our findings are important as they identify race-based trauma as a significant source of cross-sectional variation in stock market participation rates, provide more support for the intergenerational transmission of financial behavior, and illustrate another mechanism through which racial wealth inequality is perpetuated. Overall, our results highlight that the adverse effects of eroding Black Americans' trust in financial institutions are pervasive and long-lasting, perpetuating inequality across generations.



A FEW WORDS TO COLORED PEOPLE.

You have here presented to you the names of some of the best men in your country, who have gratuitously assumed the care and responsibility of a company for the safe-keeping and investment of your spare earnings.

You are now on the same footing, as to your legal rights, with all other people of this country. You get your wages for your labor, and no one can prevent it.

If you work hard you will earn money the same as other folks. Not one of you need remain poor if you are careful and do not spend money for candy or whiskey, or costly clothes. As for food, cheap, hearty victuals—beef, fish, bread, coffee—will do for men and women better than pies, cakes, and such things, which cost you more money and give you less strength.

Tobacco and whiskey are the two things which all men who are going to save money must neither touch nor taste.

Let us count the cost of a cigar and a glass of whiskey every working day. A mean cigar costs five cents, and the poorest glass of whiskey five cents, which makes ten cents.

Now, if, instead of worse than wasting this, you would save it every day—ONE DIME per day—at the end of one year, of three hundred and twelve working days, you will have thirty-one dollars and twenty cents, ($31 20.)

How nice to have that much cash to put by at Christmas!

9

Figure 1: FSB Messaging to Black Community - 1869. Excerpt taken from the Freedman's Savings and Trust Company pamphlet titled "National Savings Bank: Freedman's Savings and Trust Company Chartered by Congress," page 9. Material sourced from the Historical Society of Pennsylvania.

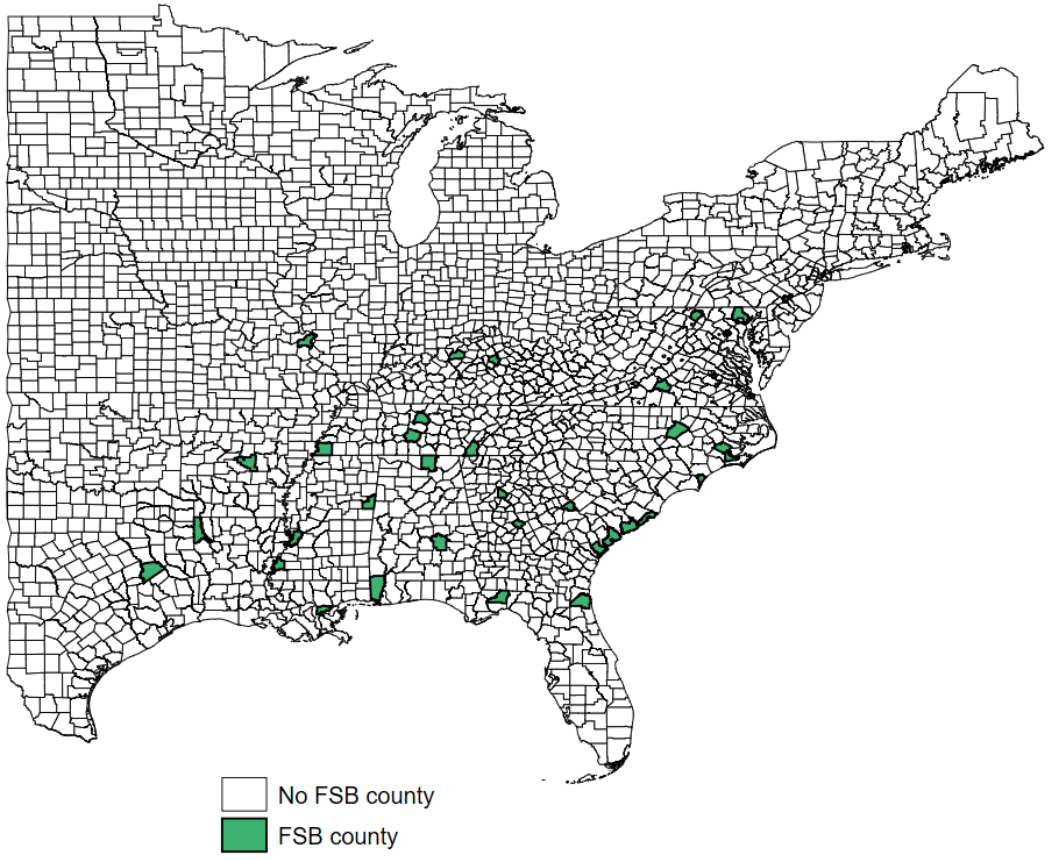
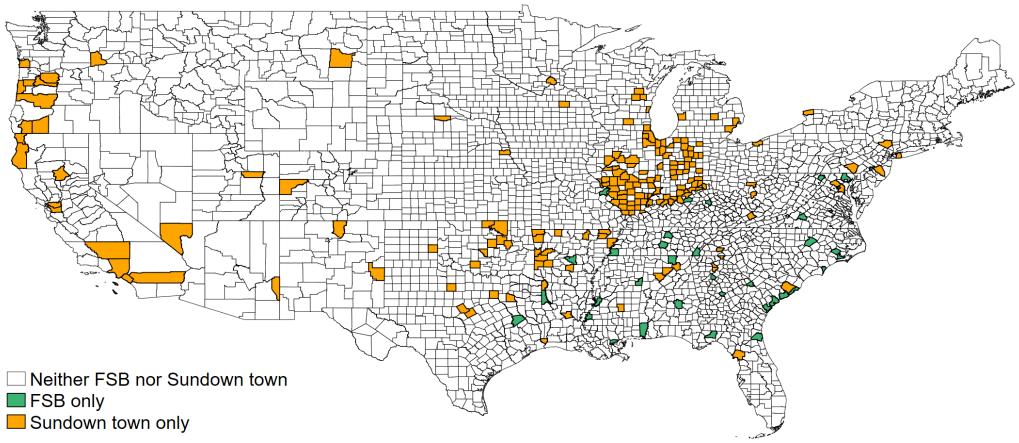


Figure 2: FSB Branch Locations in the US. Counties that contained an FSB branch appear in green.

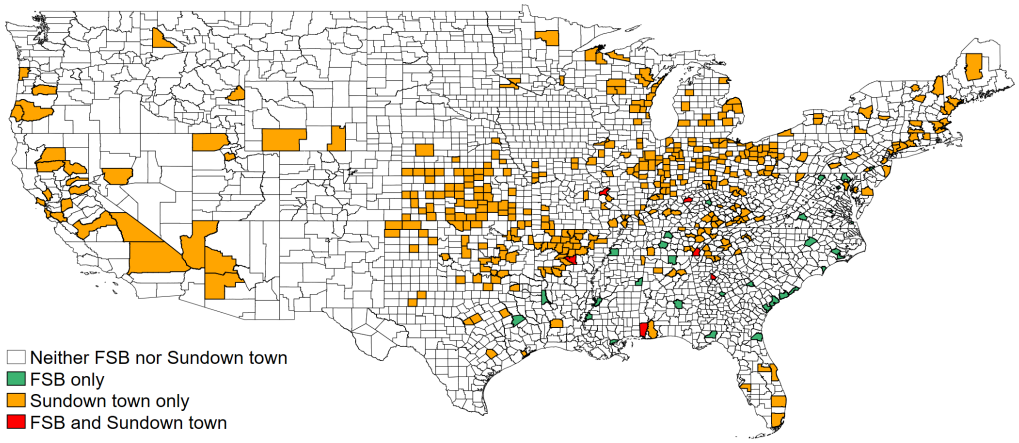


Figure 3: Sundown Town Sign. From the collection of the Tubman African American Museum in Macon, Georgia.

(a) "Surely" Sundown Town Locations



(b) "Probable" Sundown Town Locations



(c) "Possible" Sundown Town Locations

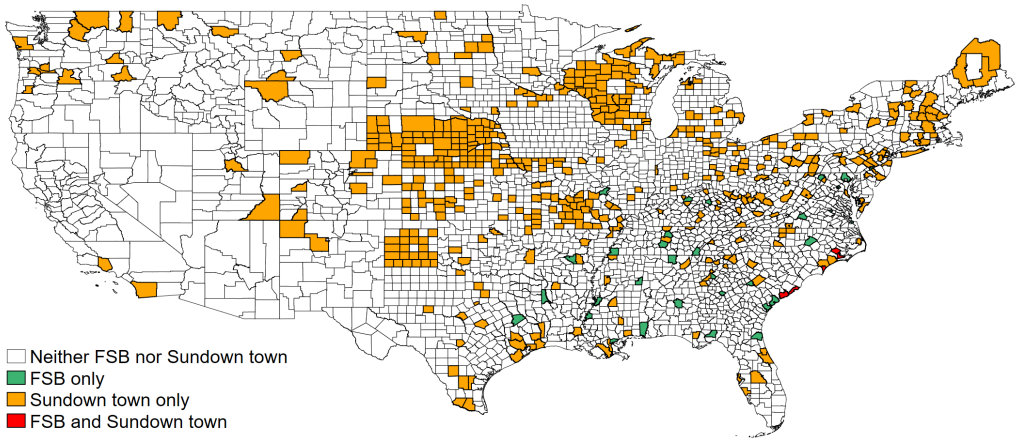


Figure 4: Sundown Town Locations in the US. Panel a shows the counties that "surely" contained at least one sundown town, in yellow. Panel b shows the counties that "probably" contained at least one sundown town, in yellow (excluding counties that "surely" contained any sundown towns). Panel c shows the counties that "possibly" contained at least one sundown town, in yellow (excluding counties that "surely" or "probably" contained any sundown towns). In all three panels, counties that contained an FSB branch appear in green. In each panel, counties that contained both an FSB branch and the respective definition of sundown town appear in red.

Table 1: Freedman's Savings and Trust Company Branch Locations

City	State	County
Huntsville	Alabama	Madison
Mobile	Alabama	Mobile
Montgomery	Alabama	Montgomery
Little Rock	Arkansas	Pulaski
Washington	Virginia	Arlington
Jacksonville	Florida	Duval
Tallahassee	Florida	Leon
Macon	Georgia	Bibb
Savannah	Georgia	Chatham
Atlanta	Georgia	Dekalb
Augusta	Georgia	Richmond
Lexington	Kentucky	Fayette
Louisville	Kentucky	Jefferson
Shreveport	Louisiana	Caddo
New Orleans	Louisiana	Orleans
Baltimore	Maryland	Baltimore
Natchez	Mississippi	Adams
Columbus	Mississippi	Lowndes
Vicksburg	Mississippi	Warren
St. Louis	Missouri	St. Louis
New York	New York	New York County
New Bern	North Carolina	Craven
Wilmington	North Carolina	New Hanover
Raleigh	North Carolina	Wake
Philadelphia	Pennsylvania	Philadelphia
Beaufort	South Carolina	Beaufort
Charleston	South Carolina	Charleston
Nashville	Tennessee	Davidson
Chattanooga	Tennessee	Hamilton
Columbia	Tennessee	Maury
Memphis	Tennessee	Shelby
Houston	Texas	Houston
Alexandria	Virginia	Alexandria
Lynchburg	Virginia	Campbell
Norfolk	Virginia	Norfolk
Richmond	Virginia	Richmond
Martinsburg	West Virginia	Berkeley

Note: This table lists the 37 FSB branch locations in our sample (Célérier and Tak, 2025; Traweek and Wardlaw, 2025*b*).

Table 2: Summary Statistics

	Mean	Standard Deviation	P1	Median	P99	N
Panel A: Raw Summary Statistics						
Black	0.380	0.485	0	0	1	96,358
White	0.588	0.492	0	1	1	96,358
Female	0.330	0.470	0	0	1	96,358
Age	45.810	16.534	20	43	88	96,358
Equity participation	0.157	0.363	0	0	1	96,358
FSB county	0.085	0.279	0	0	1	96,358
Grew-up in FSB county	0.082	0.274	0	0	1	96,358
Dad grew-up in FSB county	0.089	0.285	0	0	1	85,045
Mom grew-up in FSB county	0.083	0.276	0	0	1	87,884
High school	0.881	0.323	0	1	1	96,358
College	0.309	0.462	0	0	1	96,358
Married	0.502	0.500	0	1	1	96,358
Household size	2.561	1.454	1	2	7	96,358
Household Income ($)	96351.06	134026.76	1.46	68464.93	476713.76	96,358
Ln(Household Income)	10.91	1.54	0.90	11.13	13.08	96,358
Household Wealth ($)	238259.17	1465387.84	-146000	15392.68	3565661.43	96,358
Ln(Household Wealth)	7.74	5.11	0	9.64	15.09	96,358
No. of chronic conditions	0.747	1.043	0	0	4	95,738
Panel B: Sample-Weighted Summary Statistics						
Black	0.156	0.363	0	0	1	95,716
White	0.805	0.396	0	1	1	95,716
Female	0.329	0.470	0	0	1	95,716
Age	51.909	18.017	21	51	91	95,716
Equity participation	0.216	0.412	0	0	1	95,716
FSB county	0.064	0.244	0	0	1	95,716
Grew-up in FSB county	0.053	0.224	0	0	1	95,716
Dad grew-up in FSB county	0.065	0.247	0	0	1	84,518
Mom grew-up in FSB county	0.058	0.233	0	0	1	87,344
High school	0.898	0.303	0	1	1	95,716
College	0.368	0.482	0	0	1	95,716
Married	0.470	0.499	0	0	1	95,716
Household size	2.162	1.318	1	2	6	95,716
Household Income ($)	102956.90	148227.03	1.88	71563.39	532700.10	95,716
Ln(Household Income)	10.986	1.462	1.057	11.178	13.186	95,716
Household Wealth ($)	364989.38	1882555.80	-136685.45	32718.99	5000422.41	95,716
Ln(Household Wealth)	8.79	4.91	0	10.40	15.43	95,716
No. of chronic conditions	0.940	1.146	0	1	4	95,097

Note: This table presents summary statistics for PSID households in biennial survey waves from 1999 to 2023. Our sample consists of household-year observations for household heads who are at least 18 years old and grew up in the U.S. Panel A reports raw, unweighted summary statistics and Panel B reports sample-weighted summary statistics. "Black" is an indicator equal to 1 if the household head identifies as Black or African-American, and 0 otherwise. "White" is an indicator equal to 1 if the household head identifies as White, and 0 otherwise. "Female" is an indicator equal to 1 if the household head's sex is female, and 0 otherwise. "Age" is the age of the household head in years. "Equity participation" is an indicator equal to 1 if the household holds shares of stock in publicly held corporations, stock mutual funds, or investment trusts, and 0 otherwise. This variable excludes ownership of equity in IRAs. "FSB county" and "Grew up in FSB county" are indicators equal to 1 if the household head currently resides in or grew up in, respectively, a county that historically had an FSB branch, and 0 otherwise. "Dad grew up in FSB county" and "Mom grew up in FSB county" are indicators equal to 1 if the household head's father or mother grew up, respectively, in a county that historically had an FSB branch, and 0 otherwise. "Education" is the highest grade or years of school completed. "Married" is an indicator equal to 1 if the household head is married or permanently cohabitating, and 0 otherwise. "Household size" is the total number of people in the household. "Household Income" is annual household income CPI-adjusted to December 2023 dollars, and "Household Wealth" is total household wealth CPI-adjusted to December 2023 dollars, and "No. of chronic conditions" is the number of doctor-diagnosed conditions (high blood pressure, diabetes, cancer, chronic lung disease, heart condition, arthritis) reported by the household head.

Table 3: Baseline Results

	Grew up in FSB county		Dad grew up in FSB county		Mom grew up in FSB county		All	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Panel A: Full Sample								
Black × Grew-up in FSB county	-0.105**	-0.095***					-0.062	-0.068*
	(0.035)	(0.029)					(0.040)	(0.034)
Grew-up in FSB county	0.061**	0.051**					0.057*	0.049*
	(0.026)	(0.023)					(0.027)	(0.024)
Black × Dad grew-up in FSB county			-0.116***	-0.102***			-0.112***	-0.096**
			(0.030)	(0.026)			(0.035)	(0.033)
Dad grew-up in FSB county			0.067**	0.055**			0.084**	0.069**
			(0.025)	(0.021)			(0.029)	(0.026)
Black × Mom grew-up in FSB county					-0.053	-0.044	0.034	0.037
					(0.031)	(0.027)	(0.034)	(0.033)
Mom grew-up in FSB county					0.011	0.008	-0.054*	-0.048*
					(0.024)	(0.020)	(0.028)	(0.026)
Black	-0.216***	-0.087***	-0.222***	-0.089***	-0.225***	-0.094***	-0.219***	-0.086***
	(0.017)	(0.013)	(0.017)	(0.013)	(0.017)	(0.013)	(0.017)	(0.013)
Female		-0.011		-0.006		-0.009		-0.010
		(0.008)		(0.008)		(0.008)		(0.009)
High school		0.059***		0.063***		0.061***		0.067***
		(0.011)		(0.012)		(0.012)		(0.012)
College		0.135***		0.131***		0.136***		0.133***
		(0.008)		(0.009)		(0.009)		(0.009)
Married		0.033***		0.045***		0.042***		0.043***
		(0.010)		(0.010)		(0.010)		(0.010)
Household size		-0.011***		-0.012***		-0.011***		-0.011***
		(0.002)		(0.002)		(0.002)		(0.002)
Ln(Household Income)		0.014***		0.014***		0.013***		0.013***
		(0.002)		(0.002)		(0.002)		(0.003)
Ln(Household Wealth)		0.021***		0.021***		0.020***		0.020***
		(0.001)		(0.001)		(0.001)		(0.001)
No. of chronic conditions		-0.002		-0.004		-0.004		-0.004
		(0.003)		(0.003)		(0.003)		(0.003)
County-by-Year Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year Born Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Age Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	90607	89990	79450	78944	82237	81706	77089	76603
Adjusted R^2	0.187	0.285	0.192	0.286	0.191	0.286	0.195	0.289

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	Grew up in FSB county		Dad grew up in FSB county		Mom grew up in FSB county		All	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Panel B: Black Subsample								
Grew-up in FSB county	-0.003	-0.005					0.018	0.012
	(0.016)	(0.015)					(0.016)	(0.016)
Dad grew-up in FSB county			-0.024**	-0.023**			-0.027***	-0.024***
			(0.011)	(0.008)			(0.008)	(0.006)
Mom grew-up in FSB county					-0.012	-0.012	-0.008	-0.006
					(0.013)	(0.013)	(0.012)	(0.013)
Female		0.001		0.001		-0.001		0
		(0.006)		(0.006)		(0.006)		(0.006)
High school		0.010		0.010		0.011		0.011
		(0.007)		(0.007)		(0.007)		(0.007)
College		0.049***		0.049***		0.047***		0.047***
		(0.008)		(0.008)		(0.008)		(0.008)
Married		0.025**		0.025**		0.019**		0.022**
		(0.009)		(0.009)		(0.008)		(0.009)
Household size		-0.006***		-0.005**		-0.004**		-0.005**
		(0.002)		(0.002)		(0.002)		(0.002)
Ln(Household Income)		0.002**		0.002**		0.002**		0.002**
		(0.001)		(0.001)		(0.001)		(0.001)
Ln(Household Wealth)		0.005***		0.005***		0.005***		0.005***
		(0.001)		(0.001)		(0.001)		(0.001)
No. of chronic conditions		-0.001		-0.003		-0.001		-0.003
		(0.002)		(0.002)		(0.002)		(0.002)
County-by-Year Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year Born Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Age Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	34569	34310	30881	30666	33053	32813	30525	30311
Adjusted R^2	0.223	0.259	0.237	0.267	0.227	0.257	0.239	0.268

Note: This table reports sample-weighted OLS regression estimates examining the effect of being Black and growing up in, or having a parent grow up in, a county that historically had an FSB branch on equity participation. Panel A shows results for the full sample and Panel B shows results for the subsample of Black household heads. All variables are as defined in Table 2. County-by-year fixed effects indicate the specific county where the household head lives at time t. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively. Standard errors, two-way clustered by county and year, are shown in parentheses. The analysis uses bienniel PSID survey wave data from 1999 to 2023.

Table 4: Grandparents

	Grandpa grew up in FSB county		Grandma grew up in FSB county		All	
	(1)	(2)	(3)	(4)	(5)	(6)
Black × Grew-up in FSB county					-0.139**	-0.125**
					(0.049)	(0.050)
Grew-up in FSB county					0.137***	0.108**
					(0.043)	(0.040)
Black × Dad grew-up in FSB county					-0.114**	-0.112**
					(0.045)	(0.043)
Dad grew-up in FSB county					0.078	0.080*
					(0.046)	(0.044)
Black × Mom grew-up in FSB county					0.025	0.018
					(0.065)	(0.056)
Mom grew-up in FSB county					-0.070	-0.066
					(0.045)	(0.040)
Black × Grandpa grew-up in FSB county	-0.148***	-0.120**			-0.053	-0.027
	(0.042)	(0.042)			(0.052)	(0.048)
Grandpa grew-up in FSB county	0.081**	0.084**			0.040	0.041
	(0.035)	(0.029)			(0.039)	(0.035)
Black × Grandma grew-up in FSB county			-0.064	-0.073*	-0.004	-0.008
			(0.047)	(0.038)	(0.062)	(0.050)
Grandma grew-up in FSB county			0.008	0.028	-0.017	0.001
			(0.035)	(0.029)	(0.043)	(0.037)
Black	-0.193***	-0.080***	-0.204***	-0.091***	-0.177***	-0.071***
	(0.020)	(0.017)	(0.018)	(0.014)	(0.022)	(0.017)
Control Variables	Yes	Yes	Yes	Yes	Yes	Yes
County-by-Year Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
Year Born Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
Age Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes
Observations	32472	32277	41662	41415	25666	25503
Adjusted R^2	0.221	0.302	0.245	0.322	0.246	0.316

Note: This table reports sample-weighted OLS regression estimates examining the effect of being Black and having a grandparent grow up in a county that historically had an FSB branch on equity participation. "Grandpa grew up in FSB county" and "Grandma grew up in FSB county" are indicators equal to 1 if the household head's grandfather or grandmother grew up, respectively, in a county that historically had an FSB branch, and 0 otherwise. All other variables are as defined in Table 2. Control variables, including race, gender, education, marital status, household size, log income, and log wealth, are included in all specifications. County-by-year fixed effects indicate the specific county where the household head lives at time t. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively. Standard errors, two-way clustered by county and year, are shown in parentheses. The analysis uses bienniel PSID survey wave data from 1999 to 2023.

Table 5: Correlations: FSB and Sundown Town Counties

	Grew up in FSB county	Mom grew up in FSB county	Dad grew up in FSB county
Grew-up in SD county (Surely)	-0.10***	-0.07***	-0.07***
Dad grew-up in SD county (Surely)	-0.08***	-0.10***	-0.08***
Mom grew-up in SD county (Surely)	-0.07***	-0.06***	-0.10***
Grew-up in SD county (Probable)	-0.01***	-0.02***	-0.04***
Dad grew-up in SD county (Probable)	-0.01***	-0.01***	-0.02***
Mom grew-up in SD county (Probable)	-0.04***	-0.01***	-0.02***
Grew-up in SD county (Possible)	-0.05***	-0.02***	-0.03***
Dad grew-up in SD county (Possible)	-0.04***	-0.06***	-0.04***
Mom grew-up in SD county (Possible)	-0.04***	-0.03***	-0.06***

Note: The table reports sample-weighted pairwise correlations between indicators for whether an individual, their father, or their mother grew up in an FSB county and whether they grew up in a county with historical sundown towns. Surely, Probable, and Possible indicate the confidence level in designating a place as a sundown town, as described in Rigby et al. (2025). *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively. The analysis uses bienniel PSID survey wave data from 1999 to 2023.

Table 6: Robustness: Sundown Town Counties

Controlling for:	"Surely" Sundown Counties				"Probable" Sundown Counties				"Possible" Sundown Counties			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Black × Grew-up in FSB cty	-0.088**			-0.062	-0.093***			-0.063*	-0.092***			-0.064*
	(0.030)			(0.035)	(0.029)			(0.034)	(0.029)			(0.034)
Grew-up in FSB cty	0.053**			0.051*	0.051**			0.048*	0.052**			0.048*
	(0.023)			(0.024)	(0.023)			(0.025)	(0.023)			(0.024)
Black × Dad grew-up in FSB cty		-0.091***		-0.090**		-0.100***		-0.096**		-0.099***		-0.093**
		(0.027)		(0.033)		(0.026)		(0.033)		(0.026)		(0.033)
Dad grew-up in FSB cty		0.054**		0.070**		0.055**		0.069**		0.055**		0.069**
		(0.021)		(0.026)		(0.021)		(0.026)		(0.021)		(0.026)
Black × Mom grew-up in FSB cty			-0.035	0.037			-0.042	0.035			-0.044	0.032
			(0.028)	(0.033)			(0.026)	(0.032)			(0.027)	(0.032)
Mom grew-up in FSB cty			0.007	-0.048*			0.008	-0.047*			0.01	-0.044
			(0.020)	(0.026)			(0.020)	(0.026)			(0.020)	(0.026)
Black × Grew-up in SD cty	0.027			-0.01	0.022			-0.03	0.012			-0.021
	(0.020)			(0.026)	(0.017)			(0.022)	(0.018)			(0.021)
Grew-up in SD cty	0.027**			0.034**	0.001			0.016	0.032***			0.038***
	(0.011)			(0.014)	(0.011)			(0.013)	(0.010)			(0.011)
Black × Dad grew-up in SD cty		0.061**		0.049*		0.080***		0.073***		0.031		0.024
		(0.022)		(0.026)		(0.019)		(0.019)		(0.018)		(0.018)
Dad grew-up in SD cty		0.006		0.000		-0.031***		-0.033**		0.005		-0.012
		(0.013)		(0.016)		(0.010)		(0.013)		(0.009)		(0.010)
Black × Mom grew-up in SD cty			0.054**	0.021			0.053**	0.027			0.033	0.026
			(0.024)	(0.029)			(0.019)	(0.023)			(0.019)	(0.020)
Mom grew-up in SD cty			0.001	-0.01			-0.017	-0.009			0.014	0.004
			(0.015)	(0.018)			(0.010)	(0.013)			(0.011)	(0.012)
Black	-0.095***	-0.100***	-0.104***	-0.098***	-0.095***	-0.110***	-0.108***	-0.102***	-0.091***	-0.097***	-0.101***	-0.090***
Control Variables	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
County-by-Year Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year Born Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Age Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	89990	78944	81706	76603	89990	78944	81706	76603	89990	78944	81706	76603
Adjusted R^2	0.285	0.286	0.287	0.289	0.285	0.287	0.287	0.290	0.285	0.286	0.287	0.290

Note: This table reports sample-weighted OLS regression estimates controlling for growing up in, or having a parent who grew up in, a county with a historical Sundown town on stock market participation. Columns (1) to (3) use indicators for whether an individual, their father, or their mother grew up in a county that contains at least one sundown town classified with a confidence level of "surely" (Rigby et al., 2025). Columns (4) to (6) use indicators for counties classified as "probable," while columns (7) to (9) include those classified as "possible." All other variables are as defined in Table 2. Control variables, including race, gender, education, marital status, household size, log income, and log wealth, are included in all specifications. County-by-year fixed effects indicate the specific county where the household head lives at time t. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively. Standard errors, two-way clustered by county and year, are shown in parentheses. The analysis uses bienniel PSID survey wave data from 1999 to 2023.

Table 7: Robustness: County Grew-up Fixed Effects

	(1)	(2)	(3)
Black × Grew-up in FSB county	-0.115***		
	(0.036)		
Black × Dad grew-up in FSB county		-0.100**	
		(0.039)	
Black × Mom grew-up in FSB county			-0.087*
			(0.042)
Black	-0.068***	-0.067***	-0.065***
	(0.012)	(0.012)	(0.013)
Female	-0.012	-0.009	-0.008
	(0.008)	(0.008)	(0.008)
High school	0.057***	0.053***	0.055***
	(0.011)	(0.013)	(0.012)
College	0.128***	0.107***	0.106***
	(0.009)	(0.009)	(0.009)
Married	0.039***	0.052***	0.055***
	(0.010)	(0.010)	(0.009)
Household size	-0.011***	-0.011***	-0.009***
	(0.002)	(0.002)	(0.002)
Ln(Household Income)	0.012***	0.010***	0.010***
	(0.002)	(0.002)	(0.002)
Ln(Household Wealth)	0.019***	0.017***	0.016***
	(0.001)	(0.001)	(0.001)
No. of chronic conditions	-0.002	-0.001	-0
	(0.003)	(0.002)	(0.003)
County Grew-up Fixed Effects	Yes	Yes	Yes
County Dad Grew-up Fixed Effects	No	Yes	No
County Mom Grew-up Fixed Effects	No	No	Yes
County-by-Year Fixed Effects	Yes	Yes	Yes
Year Born Fixed Effects	Yes	Yes	Yes
Age Fixed Effects	Yes	Yes	Yes
Observations	89859	78733	81486
Adjusted R^2	0.347	0.416	0.414

Note: This table reports sample-weighted OLS estimates from baseline regressions, including fixed effects for the county where the household head grew up. Additionally, columns (2) and (3) include fixed effects for the counties where the household head's father and mother grew up, respectively. All variables are as defined in Table 2. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively. Standard errors, two-way clustered by county and year, are shown in parentheses. The analysis uses bienniel PSID survey wave data from 1999 to 2023.

Table 8: Robustness: Control for Migration

	Grew up in FSB county		Dad grew up in FSB county		Mom grew up in FSB county		All	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Black × Grew-up in FSB county	-0.094***	-0.097***					-0.068*	-0.071*
	(0.029)	(0.030)					(0.035)	(0.036)
Grew-up in FSB county	0.052**	0.053**					0.052*	0.053*
	(0.023)	(0.023)					(0.024)	(0.025)
Black × Dad grew-up in FSB county			-0.101***	-0.104***			-0.098**	-0.098***
			(0.027)	(0.026)			(0.034)	(0.032)
Dad grew-up in FSB county			0.056**	0.055**			0.071**	0.071**
			(0.021)	(0.021)			(0.026)	(0.026)
Black × Mom grew-up in FSB county					-0.041	-0.046	0.042	0.037
					(0.028)	(0.028)	(0.034)	(0.033)
Mom grew-up in FSB county					0.008	0.008	-0.049*	-0.050*
					(0.020)	(0.021)	(0.026)	(0.026)
Black × Migration from county grew-up		-0.042**						-0.019
		(0.014)						(0.016)
Migration from county grew-up	0.024***	0.031***					0.021**	0.024**
	(0.007)	(0.009)					(0.008)	(0.010)
Black × Migration from county dad grew-up				-0.064***				-0.046***
				(0.014)				(0.014)
Migration from county dad grew-up			0.026***	0.039***			0.018	0.028**
			(0.008)	(0.010)			(0.010)	(0.011)
Black × Migration from county mom grew-up						-0.054***		-0.016
						(0.015)		(0.015)
Migration from county mom grew-up					0.015	0.026*	-0.002	0.001
					(0.010)	(0.013)	(0.012)	(0.014)
Black	-0.086***	-0.063***	-0.089***	-0.042**	-0.093***	-0.055***	-0.085***	-0.029
	(0.013)	(0.015)	(0.013)	(0.016)	(0.013)	(0.016)	(0.013)	(0.017)
Control Variables	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
County-by-Year Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year Born Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Age Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	89990	89990	78944	78944	81706	81706	76603	76603
Adjusted R^2	0.285	0.285	0.286	0.287	0.287	0.287	0.289	0.290

Note: This table presents sample-weighted OLS estimates of the effect of FSB branch exposure on equity participation among Black household heads, controlling for migration. "Migration from county grew up" is an indicator equal to 1 if the household head currently resides in a different county than the one they grew up in. Similarly, "Migration from county dad grew up" and "Migration from county mom grew up" are indicators equal to 1 if the household head currently resides in a different county than the one their father or mother, respectively, grew up in. Control variables, including race, gender, education, marital status, household size, log income, and log wealth, are included in all specifications. County-by-year fixed effects indicate the specific county where the household head lives at time t. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively. Standard errors, two-way clustered by county and year, are shown in parentheses. The analysis uses bienniel PSID survey wave data from 1999 to 2023. The analysis uses bienniel PSID survey wave data from 1999 to 2023.

Table 9: Robustness: Subsample of FSB States

	Currently Living in an FSB State				Grew up in an FSB State	Father Grew up in an FSB State		Mother Grew up in an FSB State	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Black × Grew-up in FSB county	-0.115***			-0.092**	-0.094***		-0.047		-0.055
	(0.029)			(0.035)	(0.029)		(0.040)		(0.039)
Grew-up in FSB county	0.060**			0.056**	0.058**		0.043		0.043
	(0.023)			(0.026)	(0.027)		(0.029)		(0.029)
Black × Dad grew-up in FSB county		-0.130***		-0.112**		-0.115***	-0.123***		-0.130***
		(0.032)		(0.038)		(0.029)	(0.035)		(0.036)
Dad grew-up in FSB county		0.074**		0.078**		0.067**	0.085***		0.092***
		(0.027)		(0.032)		(0.023)	(0.027)		(0.030)
Black × Mom grew-up in FSB county			-0.055*	0.045			0.046	-0.036	0.055
			(0.031)	(0.035)			(0.034)	(0.027)	(0.036)
Mom grew-up in FSB county			0.017	-0.042			-0.054*	0.016	-0.048*
			(0.025)	(0.027)			(0.028)	(0.022)	(0.027)
Black	-0.110***	-0.113***	-0.122***	-0.106***	-0.119***	-0.118***	-0.119***	-0.123***	-0.112***
	(0.018)	(0.018)	(0.019)	(0.019)	(0.018)	(0.017)	(0.018)	(0.017)	(0.017)
Female	-0.003	-0.001	-0.006	-0.007	-0.007	-0.009	-0.012	-0.003	-0.006
	(0.014)	(0.014)	(0.014)	(0.014)	(0.013)	(0.013)	(0.013)	(0.012)	(0.012)
High school	0.055**	0.057**	0.057**	0.066***	0.052**	0.046**	0.051**	0.048**	0.050**
	(0.018)	(0.020)	(0.019)	(0.020)	(0.018)	(0.019)	(0.019)	(0.016)	(0.017)
College	0.122***	0.120***	0.126***	0.122***	0.116***	0.121***	0.119***	0.120***	0.117***
	(0.011)	(0.012)	(0.012)	(0.012)	(0.011)	(0.012)	(0.011)	(0.012)	(0.012)
Married	0.043**	0.049**	0.047**	0.043**	0.041**	0.040**	0.038**	0.040**	0.036**
	(0.017)	(0.017)	(0.017)	(0.017)	(0.014)	(0.014)	(0.014)	(0.013)	(0.013)
Household size	-0.007**	-0.006**	-0.007**	-0.006*	-0.007**	-0.005	-0.004	-0.006**	-0.005*
	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)
Ln(Household Income)	0.011***	0.011***	0.010***	0.010***	0.010***	0.008***	0.008***	0.008***	0.009***
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Ln(Household Wealth)	0.018***	0.017***	0.017***	0.016***	0.017***	0.017***	0.016***	0.016***	0.016***
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
No. of chronic conditions	-0.004	-0.006	-0.005	-0.006	-0.005	-0.005	-0.005	-0.006	-0.007
	(0.005)	(0.005)	(0.005)	(0.005)	(0.004)	(0.004)	(0.004)	(0.004)	(0.004)
County-by-Year Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year Born Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Age Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	49740	44509	46303	43482	48303	47300	46233	48155	45271
Adjusted R^2	0.310	0.315	0.319	0.322	0.339	0.342	0.347	0.341	0.345

Note: This table reports sample-weighted OLS estimates using subsamples from states with historical FSB bank locations. Columns (1)–(3) use the subsample of household heads residing in states with historical FSB bank locations. Column (4) uses the subsample of household heads who grew up in states with FSB locations. Columns (5) and (6) use the subsample of household heads whose fathers and mothers, respectively, grew up in states with FSB locations. County-by-year fixed effects indicate the specific county where the household head lives at time t. All variables are as defined in Table 2. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively. Standard errors, two-way clustered by county and year, are shown in parentheses. The analysis uses bienniel PSID survey wave data from 1999 to 2023.

Table 10: Robustness: Control for DC or IRA Participation

	(1)	(2)	(3)	(4)
Black × Grew-up in FSB county	-0.116***			-0.086**
	(0.029)			(0.036)
Grew-up in FSB county	0.065**			0.067**
	(0.025)			(0.029)
Black × Dad grew-up in FSB county		-0.123***		-0.110**
		(0.029)		(0.038)
Dad grew-up in FSB county		0.063**		0.076**
		(0.024)		(0.031)
Black × Mom grew-up in FSB county			-0.053*	0.043
			(0.029)	(0.040)
Mom grew-up in FSB county			0.003	-0.062*
			(0.024)	(0.031)
Black	-0.072***	-0.070***	-0.076***	-0.066***
	(0.014)	(0.013)	(0.014)	(0.014)
DC/IRA ownership	0.113***	0.112***	0.112***	0.113***
	(0.009)	(0.008)	(0.009)	(0.009)
Female	-0.021*	-0.018	-0.020	-0.020
	(0.011)	(0.012)	(0.011)	(0.012)
High school	0.053***	0.058***	0.063***	0.069***
	(0.011)	(0.011)	(0.010)	(0.011)
College	0.120***	0.117***	0.122***	0.118***
	(0.008)	(0.009)	(0.009)	(0.009)
Married	0.014	0.023*	0.022*	0.022*
	(0.011)	(0.012)	(0.011)	(0.012)
Household size	-0.010***	-0.011***	-0.010***	-0.010***
	(0.003)	(0.003)	(0.003)	(0.003)
Ln(Household Income)	0.023***	0.022***	0.020***	0.021***
	(0.003)	(0.004)	(0.004)	(0.004)
Ln(Household Wealth)	0.018***	0.018***	0.018***	0.018***
	(0.001)	(0.001)	(0.001)	(0.001)
No. of chronic conditions	0.005	0.003	0.004	0.004
	(0.005)	(0.005)	(0.005)	(0.005)
County-by-Year Fixed Effects	Yes	Yes	Yes	Yes
Year Born Fixed Effects	Yes	Yes	Yes	Yes
Age Fixed Effects	Yes	Yes	Yes	Yes
Observations	67862	59525	61279	57616
Adjusted R^2	0.297	0.295	0.295	0.299

Note: This table presents sample-weighted OLS estimates of the effect of FSB branch exposure on equity participation, controlling for participation in an IRA or DC plan through their employer. County-by-year fixed effects indicate the specific county where the household head lives at time t. All variables are as defined in Table 2. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively. Standard errors, two-way clustered by county and year, are shown in parentheses. The analysis uses bienniel PSID survey wave data from 1999 to 2023.

Appendix

Table A1: Robustness: Unweighted Baseline Regressions

	Grew up in FSB county		Dad grew up in FSB county		Mom grew up in FSB county		All	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Panel A: Full Sample								
Black × Grew-up in FSB county	-0.077***	-0.063***					-0.054*	-0.050*
	(0.022)	(0.020)					(0.026)	(0.023)
Grew-up in FSB county	0.045*	0.035*					0.038	0.030
	(0.021)	(0.019)					(0.024)	(0.021)
Black × Dad grew-up in FSB county			-0.074***	-0.064**			-0.078**	-0.072**
			(0.024)	(0.021)			(0.028)	(0.025)
Dad grew-up in FSB county			0.052**	0.041*			0.068**	0.058**
			(0.022)	(0.019)			(0.027)	(0.024)
Black × Mom grew-up in FSB county					-0.026	-0.016	0.035	0.038
					(0.022)	(0.019)	(0.025)	(0.023)
Mom grew-up in FSB county					0.005	0	-0.043*	-0.042*
					(0.019)	(0.017)	(0.023)	(0.021)
Black	-0.199***	-0.104***	-0.212***	-0.112***	-0.212***	-0.114***	-0.208***	-0.109***
	(0.015)	(0.010)	(0.014)	(0.010)	(0.014)	(0.010)	(0.014)	(0.010)
Female		-0.007		-0.005		-0.006		-0.007
		(0.005)		(0.005)		(0.005)		(0.005)
High school		0.033***		0.035***		0.032***		0.037***
		(0.008)		(0.008)		(0.008)		(0.008)
College		0.124***		0.121***		0.125***		0.121***
		(0.007)		(0.008)		(0.008)		(0.008)
Married		0.029***		0.035***		0.034***		0.034***
		(0.006)		(0.006)		(0.006)		(0.007)
Household size		-0.008***		-0.007***		-0.007***		-0.007***
		(0.001)		(0.002)		(0.001)		(0.002)
Ln(Household Income)		0.009***		0.009***		0.008***		0.008***
		(0.002)		(0.002)		(0.002)		(0.002)
Ln(Household Wealth)		0.015***		0.015***		0.015***		0.015***
		(0.001)		(0.001)		(0.001)		(0.001)
No. of chronic conditions		-0.004*		-0.004*		-0.004*		-0.004*
		(0.002)		(0.002)		(0.002)		(0.002)
County-by-Year Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year Born Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Age Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	91247	90629	79974	79467	82768	82236	77585	77098
Adjusted R^2	0.167	0.245	0.173	0.249	0.172	0.249	0.175	0.251

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	Grew up in FSB county		Dad grew up in FSB county		Mom grew up in FSB county		All	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Panel B: Black Subsample								
Grew-up in FSB county	-0.006	-0.006					0.002	-0.001
	(0.006)	(0.005)					(0.007)	(0.007)
Dad grew-up in FSB county			-0.011**	-0.012***			-0.010**	-0.011**
			(0.004)	(0.004)			(0.004)	(0.004)
Mom grew-up in FSB county					-0.006	-0.006	-0.005	-0.004
					(0.007)	(0.006)	(0.008)	(ss0.007)
Female		-0.003		-0.004		-0.003		-0.004
		(0.003)		(0.003)		(0.003)		(0.003)
High school		0.006*		0.008**		0.007**		0.008**
		(0.003)		(0.003)		(0.003)		(0.003)
College		0.056***		0.053***		0.055***		0.052***
		(0.008)		(0.007)		(0.007)		(0.007)
Married		0.020***		0.021***		0.019***		0.021***
		(0.004)		(0.005)		(0.005)		(0.005)
Household size		-0.005***		-0.004***		-0.004***		-0.004***
		(0.001)		(0.001)		(0.001)		(0.001)
Ln(Household Income)		0.004***		0.004***		0.004***		0.004***
		(0.001)		(0.001)		(0.001)		(0.001)
Ln(Household Wealth)		0.004***		0.004***		0.004***		0.004***
		(0)		(0)		(0)		(0)
No. of chronic conditions		-0.001		-0.001		-0.001		-0.001
		(0.001)		(0.001)		(0.001)		(0.001)
County-by-Year Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Year Born Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Age Fixed Effects	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Observations	34738	34479	31021	30806	33205	32965	30663	30449
Adjusted R^2	0.046	0.085	0.049	0.086	0.048	0.086	0.048	0.085

Note: This table reports unweighted OLS regression estimates. Panel A shows results for the full sample and Panel B shows results for the subsample of Black household heads. All variables are as defined in Table 2. County-by-year fixed effects indicate the specific county where the household head lives at time t. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively. Standard errors, two-way clustered by county and year, are shown in parentheses. The analysis uses bienniel PSID survey wave data from 1999 to 2023.

Table A2: Correlations: County of Origin

	Grew up in FSB county	Dad grew up in FSB county	Mom grew up in FSB county	Grandpa grew up in FSB county	Grandma grew up in FSB county
Grew-up in FSB county	1.00				
Dad grew-up in FSB county	0.45***	1.00			
Mom grew-up in FSB county	0.43***	0.53***	1.00		
Grandpa grew-up in FSB county	0.25***	0.50***	0.30***	1.00	
Grandma grew-up in FSB county	0.23***	0.26***	0.45***	0.22***	1.00

Note: The table reports sample-weighted pairwise correlations between indicators for whether an individual, their father, mother, grandpa, or grandma grew up in an FSB county. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively. The analysis uses bienniel PSID survey wave data from 1999 to 2023.

Table A3: FSB County Exposure and Lack of Trust in Banks Among the Unbanked

	Black Unbanked Subsample			White Unbanked Subsample		
	Household-level distrust	County-level distrust (%)		Household-level distrust	County-level distrust (%)	
	(1)	(2)	(3)	(4)	(5)	(6)
FSB county	0.288*	0.230*	0.523***	-0.080	-0.121	-0.208
	(0.143)	(0.120)	(0.107)	(0.112)	(0.135)	(0.133)
State Fixed Effects	Yes	No	Yes	Yes	No	Yes
Observations	323	75	54	391	128	111
R^2	0.136	0.031	0.484	0.144	0.005	0.284

Note: This table presents OLS estimates of the relationship between residing in a county that historically had an FSB branch and whether unbanked households cite lack of trust in banks as their primary reason for being unbanked, using data from the 2023 FDIC National Survey of Unbanked and Underbanked Households. In columns (1) and (3), the dependent variable is equal to 1 if the household identifies lack of trust in banks as the primary reason for being unbanked, and 0 otherwise. In columns (2)–(3) and (5)–(6), the dependent variable is the county-level proportion of unbanked households reporting lack of trust as the reason for not having a bank account. Chi-squared tests reject the null that the FSB county indicator has equal effects across subsamples and indicate significant differences between Black and White subsample for each corresponding column pair–(1) and (4), (2) and (5), and (3) and (6)–at the 5% level. *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively. Standard errors clustered by state are shown in parentheses. The analysis uses bienniel PSID survey wave data from 1999 to 2023.

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