WACIF

2026

Beyond Access:

Addressing Financial Trauma to Unlock Responsible Capital

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Acknowledgements

In Partnership with
Onyx Therapy Group, Stratyfy, and
Building Bridges Across the River

With generous support from TD Bank

Suggested Citation

Herbert, S (2026). *Beyond Access: Addressing Financial Trauma to Unlock Responsible Capital*. Washington Area Community Investment Fund.

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Access to capital alone has not been enough to move entrepreneurs in low-wealth communities away from predatory lenders and toward safer, more affordable financing. Community development lenders have spent years expanding loan products, technical assistance, and financial literacy programming — yet many small business owners continue to choose high-cost, high-risk financing even when responsible alternatives are available. The Washington Area Community Investment Fund (WACIF) set out to understand why and found that the answer lies less in loan terms than in trust.

Through the Resilient Futures initiative, developed with support from TD Bank and in partnership with Building Bridges Across the River (Building Bridges) and Onyx Therapy Group (Onyx), WACIF examined how financial trauma shapes borrowing behavior, decision-making, and long-term financial health. The initiative combined four components: an internal organizational assessment of WACIF's own practices, staff training in trauma-informed practice, a review of customer-facing communications and materials, and a series of community listening sessions co-led by WACIF's CEO and Onyx clinicians. Onyx's practitioner-centered approach shaped the initiative throughout, reflecting the belief that lasting change requires attention to internal culture as much as external programming.

The findings were consistent across every part of the process. Entrepreneurs frequently possess the financial knowledge needed to make sound decisions, but lack the confidence, trust, or psychological safety to act on that knowledge. Past experiences of rejection and exclusion from mainstream financial systems shape how entrepreneurs interpret every subsequent interaction with a lender, often outweighing objective differences in price or terms. Entrepreneurs consistently asked for something simpler: trusted advisors who could explain decisions in plain language, communicate transparently, and stay engaged over time.

This insight directly shaped WACIF's response. The Resilient Growth Fund now pairs loans up to $45,000 with a $5,000 grant, specifically designed to help entrepreneurs refinance predatory debt and establish their first relationship with a responsible lender. The grant component is intended to ease the psychological as well as financial burden of transition, giving entrepreneurs room to build trust without the immediate pressure of full repayment. WACIF's own lending data underscores the scale of the need: between April 2025 and April 2026, 30% of originated loans went toward refinancing predatory debt carrying rates as high as 84.7%, which WACIF was able to reduce to as low as 8.25%. Even so, demand for this relief has continued to outstrip available resources, pointing to a much larger unmet need across the region.

Taken together, these findings point to a broader conclusion for the field: expanding access to capital is necessary but not sufficient. Meaningfully closing the wealth gap requires trauma-informed financial services — systems built on transparency, consistency, and cultural responsiveness — that treat financial healing as inseparable from financial inclusion. This report details what WACIF learned in pursuing that model, and what it suggests for lenders, funders, and policymakers working toward the same goal.

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Detailed Report

Introduction

For years, community development lenders and traditional financial institutions have invested heavily to expand access to capital in low-wealth communities. New loan products were introduced, technical assistance programs were expanded, and financial literacy became a cornerstone of many small-business support strategies. Yet despite these efforts, many entrepreneurs continued to turn to predatory lenders offering high-cost products with aggressive repayment terms, even when safer, more affordable financing options were available.

At WACIF, this raised an important question: if responsible capital exists, why do so many small business owners still choose harmful financial products over trusted financial relationships? We believed the answer could not be explained by access alone. Many entrepreneurs did not make financial decisions based solely on interest rates or product features. Their decisions were also shaped by lived experiences with financial institutions, family histories around money and borrowing, prior experiences with rejection or discrimination, and a broader distrust of systems that had historically excluded them. In many cases, entrepreneurs carried fear, shame, anxiety, and survival instincts into every financial interaction.

With generous support from TD Bank and in partnership with Building Bridges Across the River (Building Bridges) and Onyx Therapy Group (Onyx), WACIF launched the Resilient Futures initiative to better understand the role financial trauma plays in entrepreneurship, borrowing behavior, and long-term financial health. The goal was to identify what was working in communities and to better understand the barriers that prevent entrepreneurs from engaging with responsible financial institutions. With deep roots in trauma-informed practice and psychoeducational design, Onyx brought a practitioner-centered lens to the initiative, grounded in the belief that lasting change requires attending to internal organizational culture with the same rigor applied to external-facing programming.

Methodology

The Resilient Futures initiative drew on a combination of organizational data analysis, staff and community engagement, and applied program design, conducted over the course of the initiative in partnership with Building Bridges and Onyx, with support from TD Bank. The findings presented in this paper reflect the first year of a three-year initiative, with subsequent phases expected to build on and further test these early insights.

Organizational and Data Assessment

Prior to designing new programming, WACIF partnered with fintech Stratyfy to analyze internal lending and technical assistance data, including meeting dates, engagement types, and participant records. This analysis was supported by insights from WACIF's participation in the Underwriting for Racial Justice pilot program, which allowed Stratyfy to compare WACIF's data against that of another participating lender to assess how technical assistance correlates with borrower repayment outcomes.

Communications and Materials Audit

In partnership with mental health professionals from Onyx, WACIF conducted a comprehensive audit of customer-facing materials, including website content, marketing collateral, intake forms, and social media messaging, to identify language or processes that could inadvertently create confusion, fear, shame, or harm for prospective borrowers.

Internal Staff Engagement

Onyx reviewed internal communications and operational documentation and facilitated a series of staff listening sessions with WACIF and Building Bridges teams. These sessions used a didactic model, pairing structured education on financial trauma with space for staff reflection, in order to surface internal stress points and build shared organizational language. This process informed the development of an internal staff curriculum on trauma-informed practice, and all staff involved in the initiative received training from Onyx on recognizing and responding to signs of financial trauma in borrower interactions.

Community Engagement

WACIF and Onyx co-facilitated two 2.5-hour Community Schools for small-business owners, focused on the lending process and business storytelling. These sessions surfaced early themes around fear, trust, and financial decision-making, which informed the design of a subsequent series of community listening sessions.

Listening sessions were jointly led by WACIF's CEO Shannan Herbert and Dr. Plummer and Dr. Malone of Onyx and brought together small groups of entrepreneurs to discuss their experiences with financial institutions. Sessions used Onyx's psychoeducational, didactic framework, combining direct instruction on financial trauma with guided group dialogue. A follow-up series, What's Next, was offered to participants seeking to build further on session content through more individualized application of concepts.

Program Design and Application

Findings from each phase of the initiative — data analysis, materials audit, staff engagement, and community listening sessions — were synthesized to inform the design of the Resilient Growth Fund, WACIF's resulting loan product for entrepreneurs seeking to refinance predatory debt or establish a first relationship with a responsible lender.

Timeframe and Data Sources

Lending data referenced in this paper reflects WACIF's loan portfolio between April 2025 and April 2026.

Building the Foundation

The work began internally. WACIF's data assessment surfaced one of the initiative's most consequential early findings: that relationship banking and technical assistance were correlated with better repayment outcomes over time. On average, performing borrowers spent more time with lending staff on business consulting topics and engaged with them earlier in the loan lifecycle than did borrowers who charged off. This pattern held up even when WACIF's data was compared against another lender's portfolio through its participation in the Underwriting for Racial Justice pilot program, reinforcing that the relationship was not unique to WACIF's borrower base alone. Data analysis and anecdotal evidence suggest that borrowers who feel connected to someone on the lending staff, understand the process, and engage consistently with technical assistance often demonstrate stronger repayment behavior.

This finding reframed the question driving the rest of the initiative. If relationship and engagement mattered this much to repayment, then technical assistance and lending could not be treated as separate functions — understanding why some entrepreneurs engaged and others didn't would require looking beyond the loan product itself.

Early Insights from Entrepreneur Engagement

WACIF and Onyx were invited to co-facilitate two Community School sessions for small-business owners. Each 2.5-hour session was designed to help entrepreneurs better understand the lending process and strengthen their ability to tell their business's story. While the sessions focused on practical topics such as preparing for financing and communicating with lenders, the conversations quickly evolved into something deeper. Entrepreneurs began sharing personal experiences with banks, previous lending decisions, financial setbacks, and the emotions that accompanied them. Questions about loan products often became conversations about fear, trust, rejection, and resilience.

These discussions revealed that many of the barriers entrepreneurs faced could not be explained by financial knowledge alone. Participants were seeking information about lending and understanding, reassurance, and trusted relationships. The experience raised an important question for WACIF and its partners: to what extent were entrepreneurs' financial decisions shaped by lived experiences that traditional technical assistance had never addressed? That question became the catalyst for the community listening sessions that followed.

Designing For Trust

The next phase of the initiative focused on how WACIF communicated with the communities it served. WACIF's audit of customer-facing materials revealed ways to improve transparent communication including eligibility requirements and providing sufficient information to determine whether WACIF was the right fit before beginning the lending process. These material audits were complemented by a parallel process inside the organization. Onyx's reviews of internal communications and operational documentation alongside a facilitated series of staff listening sessions surfaced WACIF and Building Bridges staff assumptions and blind spots through their lived experiences, stress points, and cultural dynamics.

The outcome included building a shared organizational language and internal empathy that could then shape how WACIF and Building Bridges engaged their entrepreneur community from the inside out. The insights gathered through this dual audit-and-listening process were used to construct an inward-facing staff curriculum designed to deepen capacity around trauma-informed practice.

The initiative also prompted difficult conversations about the use of technology in lending and technical assistance. While technology can improve efficiency, the team recognized that it can also create distance and anxiety for communities that have experienced financial exclusion or negative banking experiences. Automated systems and impersonal communication can reinforce distrust if not paired with human engagement. The initiative's findings suggested that technology could support trust-building only when paired deliberately with human engagement, not as a replacement for it.

The Listening Sessions

The listening sessions, delivered by WACIF and Onyx, provided feedback that was both powerful and strikingly consistent. Many participants reported carrying significant fear and anxiety when interacting with financial institutions. Some shared stories of signing loan documents they did not fully understand because they felt embarrassed to ask questions. Others described being judged, dismissed, or taken advantage of by lenders. Several participants said they avoided banks altogether because previous experiences had damaged their confidence or trust.

The sessions also revealed that financial trauma is often passed down through generations. Many entrepreneurs shared lessons learned from parents and grandparents who distrusted banks, avoided borrowing, or had experienced financial hardship. These experiences shaped participants' views of debt, financial institutions, and risk. For some, seeking financing carried emotional weight tied to shame, fear of rejection, or fear of failure.

This outward-facing framework was further extended through What’s Next, a post-session follow-up series designed for entrepreneurs who were ready to go deeper. Rather than simply continuing the listening process, What’s Next invited participants to excavate unmet needs, apply concepts introduced in earlier sessions, and identify concrete steps toward healthier financial relationships and long-term economic wellbeing.

Onyx’s training to all staff focused on understanding financial trauma, its causes, how it manifests in communities, and how it may present during interactions with borrowers. Staff were trained to recognize emotional cues, understand the impact of shame and distrust, and think intentionally about how they show up in financial conversations.

Turning Insight into Innovation

The culmination of this work was the launch of the Resilient Growth Fund. The fund is designed to empower entrepreneurs to take greater control of their relationship with capital. Entrepreneurs described carrying loans from predatory lenders at rates as high as 84.7%, often taken on under pressure and with little understanding of the long-term cost. The fund was built specifically to give those borrowers a way out, offering loans of up to $45,000 to help entrepreneurs refinance predatory debt, establish their first relationship with a financial institution, or access smaller amounts of capital that may not be available through traditional lenders. Each loan is paired with a $5,000 grant that can serve as collateral support during the term. If the grant remains unused throughout the term, it converts into a grant to the borrower at the end of the loan term. The grant component is designed to reduce risk for entrepreneurs who have historically been burdened by all of it themselves.

Ultimately, the Resilient Futures initiative underscored that financial decision-making cannot be separated from lived experience. Small business owners are navigating generations of financial history, personal experiences of harm and exclusion, and emotional responses shaped by fear, survival, and trust. WACIF's work demonstrated that addressing financial trauma requires relationships, transparency, empathy, and financial systems designed with humanity at the center.

Summary of Key Findings

The work produced several important findings that extend beyond WACIF's programs and have implications for financial institutions, CDFIs, technical assistance providers, and others seeking to improve access to responsible capital.

Financial knowledge alone does not translate into financial confidence.

One of the most significant findings of the Resilient Futures initiative was that financial knowledge and financial confidence are distinct. While many entrepreneurs demonstrated a strong understanding of financial concepts and business fundamentals, that knowledge often failed to translate into action. Community School participants entered the program with varying levels of financial literacy yet consistently reported greater confidence in navigating the lending process and telling their business story after relationship-centered instruction. Likewise, the listening sessions revealed that fear, anxiety, and prior negative experiences often kept entrepreneurs from acting on knowledge they already had. These findings suggest that traditional financial literacy models, while important, are insufficient on their own. Building confidence requires environments that facilitate trust, transparency, and psychological safety alongside technical education.

Financial trauma shapes financial behavior long before lending decisions are made.

The listening sessions showed that financial trauma shapes how entrepreneurs approach every stage of the financial journey. Participants described delaying major business decisions, avoiding credit applications, relying exclusively on bootstrapping, and underinvesting in their businesses because prior experiences with financial institutions had conditioned them to expect rejection or harm. These behaviors are often interpreted as a lack of readiness for capital. Instead, the findings suggest they are adaptive responses to repeated financial stress and institutional mistrust. Financial trauma begins to influence business decisions well before an entrepreneur submits a loan application.

Responsible lending creates pathways out of predatory debt.

WACIF's lending portfolio reinforces what emerged throughout the Resilient Futures initiative: financial trauma often leads to harmful borrowing decisions made out of urgency rather than informed choice. Between April 2025 and April 2026, 30% of loans originated through WACIF were used to refinance high-cost debt, underscoring growing demand for responsible alternatives. Borrowers came to WACIF with financing from online lenders and merchant cash advance providers, with interest rates ranging from 44.9% to 84.7%. Through affordable refinancing, WACIF reduced those borrowing costs to rates between 8.25% and 14.5%, immediately improving cash flow and creating greater financial stability for small businesses.

During the same period, WACIF was forced to decline multiple requests from businesses seeking relief from predatory debt, leaving many entrepreneurs without a viable path out of unaffordable financing. In many cases, applicants no longer met prudent underwriting standards because the predatory loans they sought to refinance had already depleted working capital, constrained cash flow, and damaged their overall financial health. As a result, the very financing products marketed as quick solutions often left otherwise viable businesses unable to access affordable capital. These outcomes illustrate a troubling reality: predatory lending not only burdens entrepreneurs with unsustainable debt but can also erode their ability to qualify for the affordable financing that could help them recover. They also affirm that responsible, relationship-based lending can serve as a critical intervention, enabling businesses not only to escape harmful debt cycles but also to build long-term financial resilience through trusted partnerships with mission-driven financial institutions.

Relationships are as important as capital.

Across every phase of the initiative, entrepreneurs emphasized the importance of trusted partners throughout the lending journey. Community School participants requested ongoing mentoring, coaching, networking, and one-on-one guidance after completing the program. Listening session participants expressed a desire for trusted advisors who could explain lending decisions, interpret financial language, and remain engaged after financing was received. Although some of these participants had not yet become WACIF borrowers, their needs closely aligned with WACIF's lending data, which found that borrowers who engaged earlier and more consistently with technical assistance demonstrated stronger repayment outcomes over time. Together, these findings suggest that relationship-based support may play an important role in preparing entrepreneurs to successfully access and manage capital.

Trust is built through transparency, not transactions.

Entrepreneurs repeatedly described financial institutions as confusing, impersonal, or inaccessible. Financial jargon, unclear processes, unexplained loan decisions, and automated interactions often reinforced existing distrust. Conversely, participants responded positively when financial information was presented in plain language and when they felt comfortable asking questions without fear of judgment. These findings informed WACIF's review of its communications, intake materials, and customer engagement processes, underscoring transparency as a strategy for communication and trust-building.

Many perceived financial barriers are protective responses.

The initiative challenged several common assumptions about entrepreneurial behavior. Characteristics often labeled as weaknesses, such as reluctance to borrow, risk aversion, and hesitation to expand, were more accurately understood as protective strategies developed through lived experiences of financial hardship, discrimination, predatory lending, or generational instability. Rather than reflecting a lack of ambition, these behaviors were thoughtful attempts to avoid repeating past financial harm. Recognizing these responses as adaptive rather than deficient shifts responsibility from the entrepreneur to the systems and practices that shaped those experiences.

Financial trauma is both personal and intergenerational.

The listening sessions revealed that entrepreneurs' financial beliefs were often formed long before they started their businesses. Participants shared stories of growing up in households where money was rarely discussed, witnessing financial hardship, experiencing childhood financial loss, or inheriting deep skepticism toward financial institutions. These experiences shaped how they viewed debt, risk, wealth, and financial decision-making as adults. The findings suggest that financial trauma extends beyond individual experiences and is frequently transmitted across generations, requiring solutions that address both financial capability and emotional healing.

Trauma-informed financial services have the potential to transform access to capital.

Taken together, Community School feedback, organizational assessment, listening sessions, and lending data point to a different model for supporting entrepreneurs. Trauma-informed financial services recognize that technical assistance, lending, communication, and relationship management are interconnected rather than separate. By combining transparent communication, trusted relationships, culturally responsive engagement, and capital deployment, financial institutions can reduce barriers that traditional approaches often overlook. The Resilient Futures initiative suggests that financial trauma should be recognized as a systemic barrier to entrepreneurship and that addressing it is foundational to achieving more equitable access to responsible capital.

Conclusion

The Resilient Futures initiative set out to answer why do capable, knowledgeable entrepreneurs continue to choose harmful financial products over safer ones, even when responsible capital is available? The answer WACIF and its partners uncovered was neither a lack of information nor a lack of options, but something harder to see and slower to change — the fear, shame, and inherited distrust that shape how entrepreneurs experience every financial interaction. Meeting that reality required WACIF to look inward as much as outward, rebuilding trust not only through a new loan product, but through how the organization communicates, trains its staff, and shows up in community.

This paper reflects findings from the first year of a three-year initiative. The work ahead will test whether these early insights hold at greater scale: whether the Resilient Growth Fund measurably improves repayment and financial stability over time, whether relationship-centered engagement continues to outperform information alone, and whether a trauma-informed model can be adapted by other lenders serving different communities. Subsequent phases will also examine longer-term outcomes for entrepreneurs who have moved through Community School, the listening sessions, and What's Next, offering a fuller picture of what durable financial healing looks like in practice.

WACIF does not view this work as finished, nor as uniquely its own to solve. Financial trauma is a systemic barrier, not an individual one, and addressing it will require financial institutions, CDFIs, technical assistance providers, and funders to treat relationship, transparency, and emotional safety as core to responsible lending rather than as adjacent to it. WACIF invites peer organizations to draw on these early findings, to examine their own practices through this lens, and to join in building a financial system where access to capital and healing from financial harm are no longer treated as separate goals.

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