

**Table 2: The Impact of Financial Planner on Black Entrepreneur's Credit Profile**

We use the logistic regression to predict the probability of "bad credit," where "bad credit" is a dummy variable that indicates whether the respondent of the household has indicated any credit turned down, bankruptcy, foreclosure, or late payments during the past five years. Marginal probability  $d[P=\text{prob}(\text{bad\_credit}=1)]/dx$  reported in this table measures the change of probability of bad credit when there is one unit change of each independent variable in Equation (1), in the setting of the logistic regression. This statistic is useful because the coefficients obtained from the logistic regression model do not represent marginal probabilities, since the dependent variable is a latent variable that does not represent true probability. All independent variables are discussed in detail in the Empirical Analysis section. Our main logistic regression model is presented in Equation (1) as below:

$$\text{Bad\_Credit}_i^* = \beta_0 + \beta_1 \text{Black}_i + \beta_2 \text{Black\_Planner}_i + \beta_3 \text{Black\_Female}_i + \beta_4 \text{Black\_College}_i + \beta_5 \text{Age\_Group}_i + \beta_6 \text{Net\_Asset}_i + \beta_7 \text{Household\_Income}_i + \beta_8 \text{Business\_Income}_i + \beta_9 \text{Yes\_Fin\_Risk}_i + \varepsilon_i \quad (1)$$

Logistic regressions (2)–(5) are variations of Eq. (1) and represent different combinations of control variables, for robustness check purpose. Data is from 2019 Survey of Consumer Finances (SCF) public database published by the Federal Reserve. All observations are self-employed households for the 1998–2019 survey years, with a total of 9,522 households, among which 383 are African American households. The first number reported for each independent variable is a coefficient estimate, and the second number in parentheses is the robust standard error. The asterisks \*\*\*, \*\*, and \* refer to the statistical significance at 1, 5, and 10 percent, respectively, based on two-sided z-statistic.

Dep Variable: Bad_Credit*	(1)	Marginal prob. for (1)	(2)	(3)	(4)	(5)
<i>Black</i>	0.713*** (0.22)	0.102*** (0.04)	0.838*** (0.22)	0.880*** (0.21)	0.892*** (0.21)	1.073*** (0.21)
<i>Black_Planner</i>	-0.460** (0.23)	-0.044** (0.019)	-0.512** (0.23)	-0.458** (0.23)	-0.447** (0.22)	-0.487** (0.23)
<i>Black_Female</i>	0.724*** (0.26)	0.106** (0.05)	0.734*** (0.27)	0.815*** (0.25)	0.816*** (0.25)	0.881*** (0.25)
<i>Black_College</i>	0.262 (0.24)	0.033 (0.03)	0.256 (0.24)	0.169 (0.23)	0.168 (0.23)	0.1 (0.23)
<i>Age_Group</i>	-0.369*** (0.03)	-0.042*** (0.00)	-0.432*** (0.02)			
<i>Net_Asset</i>	-0.005*** (0.00)	-0.001*** (0.00)		-0.012*** (0.00)		
<i>House_Income</i>	-0.026 (0.03)	-0.003 (0.00)			-0.104** (0.05)	
<i>Business_Income</i>	-0.06 (0.05)	-0.007 (0.01)			-0.076 (0.07)	
<i>Yes_Fin_Risk</i>	0.298*** (0.10)	0.034*** (0.01)				0.168* (0.09)
Average predicted $P(\text{bad\_credit}=1)$		0.131				
Pseudo R-squared	0.071		0.054	0.039	0.035	0.013
Model chi-squared	377.88***		396.43***	125.77***	121.37***	120.94***
# of observations	9,522		9,522	9,522	9,522	9,522