

**Transcript of Unleashing a Financially Inclusive Future: Welcome and Keynote
July 15, 2025**

ART LINDO. Well, hello, everyone. My name is Art Lindo, and I am a Deputy Director in the Board of Governors Division of Supervision and Regulation and the Head of the Policy Group within that division. It is my pleasure to welcome you to the second annual Financial Inclusion Conference hosted by the Board of Governors. Can I get an applause? [Applause]

So as you can see, I'm thrilled to be here today and to kick off the conference, as anyone knows me knows that financial inclusion is near and dear to my heart. So financial inclusion means a lot of things to a lot of people. But to me, the importance of this topic is embedded in the belief that the financial system should be able to meet the needs of all Americans. The financial system has made a lot of strides in this area, but as we look to the future, I'm excited to see where we can go from here. So, just to make sure everyone is on the same page as we kick off this conference, I wanted to spend a quick moment to let you know why we are here at the Federal Reserve today. So, the Federal Reserve's mission of fostering optimal macroeconomic performance, financial stability, payment system efficiency, and financial institution integrity are each broadly aligned with efforts to address financial inclusion. In general, the financial capacity and capabilities of individuals, households, and small businesses are improved by broadening fair and affordable access to financial services. Providing access to financial services, however, is a means but certainly not an end. Efforts to measure and understand the implications of financial service access, including through financial health metrics, can help to continue the momentum to a more financially inclusive America. Now, from the Fed's point of view, addressing inclusivity in our financial system requires a cross-cutting approach, one that touches our supervisory, regulatory, and consumer oversight capacity, as well as our role in facilitating safe payments functioning. This conference gave us an opportunity last year to learn more about

the state of financial inclusion, but this year, we are looking forward to what the future can hold. Now, to guide us, we will hear from two of our oversight governors, along with a range of thought leaders, academics, practitioners, and others to help shed light on how financial inclusion can or should evolve to best help individuals, households, and businesses meet their goals. We will also spend time expanding our understanding of how the financial system and our regulatory tools can support a more financially inclusive future. I also want to say a particular hello to everyone joining us from across the Federal Reserve System and on the board's public website and YouTube page. Hopefully, we can all work together to push the boundaries of how our financial system can best meet the needs of all Americans. Now, you probably wonder why I'm going on, because my main job this morning is to introduce our Vice Chair for Supervision, Miki Bowman. So, Miki Bowman was sworn in as the Vice Chair for Supervision in June of 2025 and has served on the Federal Reserve Board of Governors since 2018. With a deep background in community banking and regulatory affairs, she brings significant empathy and expertise about the role of financial institutions in supporting local economies. Vice Chair Bowman has been a staunch advocate for financial inclusion throughout her time at the Federal Reserve, including through highlighting the need to expand access to financial services as an essential tool for broad-based economic growth. Her leadership, which I can attest to, continues to help us to push the boundaries on this topic. Now, she couldn't be here in person with us today, but she did send remarks. So, with that, I'm going to turn it over to hear her remarks. If you would cue the remarks, please.

VICE CHAIR OF SUPERVISION BOWMAN. Good morning. I'm very pleased to welcome you to the second annual Financial Inclusion Conference, hosted by the Federal Reserve Board. Last year, at our inaugural event, I underscored that financial inclusion is

essential for creating an economy that works for everyone, with innovation in the financial sector playing an important role. This year's conference builds upon increased engagement across both the public and private sectors, with a collective effort to leverage technology to broaden financial services access and improve the financial well-being of consumers and small businesses. The Federal Reserve will continue to play an important role in these efforts through its research, community engagement, and regulatory approach. This work supports our ability to understand and communicate the state of financial inclusion, how banks support access to affordable financial services, and the role that our policies and practices play in promoting inclusion. Banks of all sizes are working to improve access to financial services for all Americans. As I've noted in the past, the U.S. banking system is well-positioned to bring consumers and small businesses into the financial mainstream by providing access to safe, fair, and responsive financial products and services. These efforts greatly benefit from our continued focus on broader access and innovation, including understanding how our supervisory and regulatory framework either supports or impairs a bank's ability to provide affordable financial services that are consistent with safety and soundness. Innovation comes in many forms. One example is through the bank's use of alternative data, which can enable banks to provide services like affordable small-dollar loans or to provide access to credit invisibles, who may not have access to loans and other financial services from traditional lenders. This growing area of focus also helps align financial service offerings with a customer's financial goals. A well-functioning financial system provides a foundation for strong consumer financial health. To further this, the federal banking agencies recently published a request for information on check and payments fraud to help address the impact of this growing problem on banks and their customers. I am committed to working together with a wide range of state and federal partners, including law enforcement, to address

this issue. Although there has been significant progress in providing access to financial services, there is more work left to be done. We know that financial institutions, both small and large, are working to build innovative approaches to meet their customers' needs while maintaining the safety and soundness of the banking system. The theme of this year's conference is Unleashing A Financially Inclusive Future. Today, we will hear from a number of experts that will help to explore what the future might hold for financial inclusion. Our next presenter, Jo Ann Barefoot, from the Alliance for Innovative Regulation, will discuss the role of the banking industry and its innovation and policies in support of financial inclusion. Later in the day, we will hear from three panels focused on topics including evolving products and practices, the role of mission-driven organizations, and how cross-border payment innovations can facilitate the movement of money around the world. I'd like to thank you all for joining us today, and I'll turn it over to Art Lindo, our Deputy Director and Head of Policy in the Board's Division of Supervision and Regulation, to introduce Jo Ann. Thank you again for the opportunity to join you virtually today and for your ongoing commitment to support a financially inclusive future. [Applause]

ART LINDO. So those were great opening remarks. And we're going to kick this thing off properly with another keynote speaker, alright? So it's my pleasure to introduce our keynote speaker, Jo Ann Barefoot. Jo Ann is the CEO and Co-Founder of Alliance for Inclusive Innovation, or AIR, which is a global not-for-profit focused on accelerating regulation innovation to make financial systems safer, fairer, more resilient, and tech-forward. In a previous life, Jo Ann was the Deputy Comptroller of the Currency, becoming the first woman in that position. In this role, she established the OCC's original Consumer Protection and Community Reinvestment Unit. Jo Ann is a consummate champion of financial inclusion. In her various roles, she has built frameworks to advance community reinvestment, highlighted the potential financially inclusive

benefits and pitfalls of emerging financial products, and continues to shed light on the role that regulation plays in building more financially inclusive futures. So Jo Ann has too many accolades to name here, but a few I want to highlight includes being nominated the FinTech Hall of Fame. So one day, when I grow up, I want to be in that category, alright? But I'm going to start small. By being named the FinTech Woman of the Year and hosting the popular Barefoot Innovation Podcast. Jo Ann, thank you for joining us today, and we look forward to hearing your remarks. Thank you. [Applause]

JO ANN BAREFOOT. Thank you, Art. And thank you to the Board of Governors for inviting me to be here. I'm really thrilled to be able to join this group. I love to speak to regulatory groups. I actually spoke to a group at the Fed, a different group not long ago. And as Art said, I'm a former regulator. I think regulators have such a critical role to play in the ecosystem that is working on these challenges today. And so, I'm going to try to be a little bit provocative and at least thought-provoking as we talk about the moment that we're standing in. I think my main message to you today is that I would encourage us all to think bigger. First of all, I think we should think about financial inclusion more in terms, and Governor Bowman, Vice Chair Bowman, touched on it, in terms of financial health, consumer financial health. Inclusion is necessary but not sufficient to enable consumers to thrive in their financial lives. I think, globally, we've had a drive for financial inclusion for maybe 15 years or so, and it's been mostly about having people get a bank account or a payment account so that they can attach to the financial system. I think in the U.S., we sometimes use the term a little more broadly. But you can be included in the sense that you can access products and services and still be struggling. So I'd like to think about that more expansive goal of what is it that we're trying to accomplish. And if we ask ourselves what people need, they need access, they need affordability, they need to be

able to afford financial services, they need to be able to qualify for credit if they can repay the loan, right? If they've got the ability to repay that loan, they should be able to get the loan. And currently, in the United States, we think we have tens of millions of people who actually could repay a loan but have trouble getting access to credit. They need the ability to save and invest and actually build wealth. I think we have seen an increasing focus on the problem of the difficulty of building wealth for people who don't already have it, the racial wealth gap, which is stunning in the United States, and also the burdens borne by people who don't have intergenerational wealth and are, therefore, behind over a history in the generations, in their families. That's a problem that we need to work on. We also know that people need to be safe in their financial lives. And I'm going to talk more about this in a few minutes. But the epidemic that we are having of financial fraud and scams and the harm being done to individuals, as well as other players in the space, is absolutely stunning, and its problem is getting worse instead of better. And I think people need to be able to know that if they're transacting or doing anything in their financial life, they're okay. And then last but not least, people benefit from having some help in making good decisions, good choices. Market economics being what they are, you know, the theory is that in a pure, well-performing market, buyers and sellers are on an even ground with each other and they can both make the choices that are in their best interest. In finance, we almost never have that. We have an asymmetrical market where the provider has much more information and often much more power, so to speak, than the consumer does. And so, we have a lot of problems in our financial system with just people choosing the right product, getting the thing that they really need, and also just managing the complexity of their own life so that they do save enough, rather than spend or borrow more than they should, and so on. These are perennial problems. So I think we should think bigger in terms of the scope of what we're trying

to accomplish. And then secondly, and I think even more in need of our thought, is I think we should think bigger in terms of how we focus on the technology moment that we are in and how momentous it is. We have entered into an era of profound technology change, which is going to change people's financial lives and everything else, and we all are aware of it on some level, but I think we're underestimating it. The tech changes that we've seen in recent years with digitization and mobile access to finance and so on are revolutionary. And now, we're on the cusp of having a lot of changes brought to us by blockchain technology, which I'll circle back to later on. But blockchains, tokenization, digital assets, crypto, Web3, DeFi, that whole cluster of activity is extremely significant. And then most significant of all is the arrival of generative AI. AI has been around for more than a half a century, 70 years, something like that. It didn't used to have enough data to work on to actually change our lives that much. That has been changing over the last decade or so. But then a couple of years ago, we had generative AI burst into our lives. I don't think we've ever seen a technology that hit us all at the same time the way this one did. If you think about blockchain and crypto, you know, that kind of sneaked up on people after gestating for years and decades, years anyway. Generative AI, when they released ChatGPT, all of a sudden, within a few months, every business executive, every member of Congress, every agency had everyone said, what's this going to do? I'm going to get my hands on it, see what it's like. And all of a sudden, everything is starting to happen differently, and the pace of the change is incredible. So Gen AI is the fastest adopted technology in the history of the world. It's massively expanding every day, and it is what is called a general technology, not to be confused with general artificial intelligence. That's a different and scary thing. But a general technology is one that is so useful that it is going to change how everybody does practically everything. It's like electricity or the internet. It's just fundamentally transforming all the things around us, for

good and for bad. And as regulators, maybe, again, I'm a former regulator, a lot of us tend to think about the bad first because that's the job, you know, deal with the risks. But the opportunities, the upside opportunities here for financial inclusion and financial health are absolutely profound. So I'm going to talk a little bit about what I see as the risks arising for consumers from particularly generative AI, and then what some of the upside opportunities are. On the risk side, again, crime is skyrocketing. If global financial crime was a country, it would be in the G7. It is enormous. It's trillions of dollars a year. And our methods, despite the fact that, for banks, it's the most expensive compliance function that they perform worldwide, tens and tens and tens of billions of dollars spent on complying with our rules, and yet the UN says we catch less than 1% of it. I saw a Basel study not long ago that said maybe we catch 0.1% of financial crime, broadly defined, and it's all getting worse. And it's getting, for consumers, a diabolically difficult form in terms of people being able to defend ourselves against it. Let me ask you, how many of you have yourselves or had someone close to you who has been victimized by a sophisticated financial scam? Yeah, a lot of people. I took a Uber ride not long ago and was talking on the phone to my own office about something we were doing on it, and when I got out of the car, the driver said thank you for working on that because it ruined my life, you know, I was victimized by a scam. The sophistication of it, the fact that these technologies are democratizing the process of creating crime, and we have, as you know, on the dark web, we've got the emergence of crime as a service is an actual term that people use. So people are selling the techniques to do these things. And the ability to defend yourself against voice cloning and deep fakes and sophisticated attacks that know a lot about you and know a lot about who you might actually be dealing with and can impersonate it or trick you into something is unlike anything we've ever seen before. And we're going to have to have new techniques. We're going to

have to have new techniques to equip people to protect themselves against it. Something that I'm going to suggest as I go through my conversation is the need to use technology to protect from technology risks. The other thing that's threatening consumers from Gen AI is job loss. I brought a quote that I saw recently that really caught my eye. This was from a CEO to his own employees. He said, "What was once considered easy tasks will no longer exist. What was considered hard tasks will be the new easy, and what was considered impossible tasks will be the new hard." And with that happening, we are looking at consumers who are going to be increasingly vulnerable to problems in their overall lives, including their financial lives. But on the good side, if we ask ourselves what the upside can be and what do we need to do, and if we sort of sift this big trend down to the essence, the first thing, so to speak, part of what these technologies are doing is they're making expensive things less expensive, massively so, massively so. So it's going to change financial infrastructure. It's going to make financial infrastructure less expensive. There's a whole school of thought that stablecoins are going to become a new infrastructure layer that's going to be much less expensive. This is the Federal Reserve. I'm sure there's plenty of opinions on that in the room. But there is a possibility of taking a lot of the friction and cost out of just running financial activities through blockchain. And, of course, the stablecoin legislation is, I hear, likely to be signed this week in the United States. So that's going to be interesting. The technology is also making difficult things easy. So if you're a financial company, it's going to get easier to evaluate credit risks. You'll have more data that you can crunch with more sophistication in an easier way. It's going to be easier if you're in the securities field, if you're a broker-dealer, for example, to give better investment advice because you'll have more information at hand and more ability to model it and understand risks. It's probably going to get easier to identify who people are to move toward a system of more

digital identity. And if we have that, we can solve problems for consumers, as well as combating other problems, including fraud. Because right now, as we know, many people are excluded from the financial system by failing KYC tests, just having it be too hard to figure out exactly who they are and be confident in it. If you're a consumer, it's going to get easier to run your financial life, to pay your bills, do your budgeting, do your planning, manage your life. I was at the Farewell event yesterday for the outgoing acting comptroller of the currency, Rodney Hood, and spoke to a person there who's gone to work for, I won't name the company, but for an agentic AI tool, to help consumers run their financial lives. And he was giving examples of what it's doing for him as he's using it, the ease with which and the engagement with which it's making it possible for him to understand what he's been doing wrong, think about it, get motivated to do things differently. And then, in addition, broadly moving toward more use of agentic methods of all kinds, it's going to get easier for people to just, you know -- And I always sound like an optimist on these things, and I'm not trying to underplay the risks. I mean, everything I'm saying is unbelievably difficult, but it does seem likely to me that we're going to a system where people will be able to have an AI agent that will run their financial life for them if they want it to, or at least coach them and advise them and help them to get things right, and affordably so. And last but not least, it is making opaque things transparent. If you think about the role that financial regulators play, or financial supervisors in particular, it's mostly a function of trying to see into complex systems that are very hard to understand with the tools we have and figure out what is happening in them. What are the risk trends? Where is the non-compliance? Where is the subtle fair lending mistakes? Where is the crime? Where is the money laundering going on? These tools are going to bring massive, massive, massive transparency to all of these complicated systems. Some of that will be dangerous. There are hard things to figure out in terms of privacy and how

we're going to keep information secure. Everybody here is going to be very busy, for a long time, working on, you know, what are the governing structures and methods and principles that we need, and so on. But the basic thing is, it's going to become harder to hide both risk and misbehavior. I'll say also that these tech changes are coming amidst a larger disruptive environment in which we have a great deal of cultural and political polarization and argument in the country and in the world. And that backdrop is creating a moment where there's a lot of both risk and opportunity around change and disruption. And I think it's worth bearing in mind that things are changing, certainly in the regulatory community, a lot of things are changing. And there's a moment here where we can stand and say that the system that has been slowly evolving over the years is potentially taking some sharp breaks and looking at doing some things differently. And that can be a bad thing, but it also can be turned to something good because there's an opportunity sometimes opening up to do things in new and better ways as well. My thinking to you, and I hope we'll have time for a few questions, but my suggestion for this community, which I know we have regulators here, especially in the room and online, and then we have other community advocates and activists and advisors and consumer organizations of all kinds really listening as well. We have to work as an ecosystem. We have to keep our appropriate boundaries between us, obviously. But these are problems that can't be solved through just regulatory protections. I've spent my whole career trying to advance consumer financial inclusion and protection through law and regulation. Before I was at the OCC, I worked for the Senate Banking Committee. I've spent decades working on trying to craft the right legal and regulatory environment to protect people and enable them to be included. And what we know is that's, again, necessary but not sufficient. We also need to enable these new technologies and the demographic shifts underway and all of that to take us in a good direction. I'm going to end with

a little story, and I think I might've told it when I spoke recently to another Fed group. So if any of you have heard it before, I'll apologize for that. But I recently watched the TV show 1925, which is a spinoff of Yellowstone. And it's set in Montana in 1925 at a time when new technology was just arriving in the West. So automobiles and electricity and refrigeration, and so on had just shown up, indoor heat, indoor plumbing. And the people there were living in a mix of those two tech worlds. There were people who were living in wood cabins and getting water from a stream, and there were people living in fancy houses and flipping light switches and refrigerating their food. And there's a scene in it where Harrison Ford rides into town on his horse, and the city street is a mix of cars and horses and wagons. And he gets off his horse, and he takes the reins in his hands, and walks up to the curb. And he says, where are the hitching posts? And they say, we took them out to make room for the car parking spaces. And it's a moment that seems like a transition that may take a long time. That didn't take a long time. Once you had a better technology available to people, it got adopted fast. And a few years later, there would be a few people still on horses, but not very many. And this is the moment we're in now. We're living in a hybrid of old tech and new tech. And as regulators and other leaders in this space, we need to embrace new tech and deploy it, guard against the harm it can do, but also enable the good it can do. Vice Chair Bowman talked about innovation being necessary in financial services, and I agree with that. I think we need responsible and robust innovation. So, do I have time to take a question or two?

ART LINDO. Absolutely.

JO ANN BAREFOOT. Great.

ART LINDO. We'll open it up to the room, and then we'll go online.

JO ANN BAREFOOT. Thank you.

ART LINDO. Anybody in the room? Raise your hand, we'll recognize you.

JO ANN BAREFOOT. If no one has a question, I might call on my friends. Oh, there we go.

EVAN LEFLORE. Thank you. I'll take the privilege. So, Jo Ann, you've sort of spent a lot of time in various camps, you know, the regulatory camp, the thought leader camp. You engage with practitioners all the time. What are some of the things that you think from an empathy standpoint that should be more leaned into to help people understand where, from a financial inclusion standpoint, we can sort of best align to help sort of unlock some of the value of some of these innovations or other aspects of like what's being built today to help us sort of make sure that we're building this, a future that's, you know, inclusive for people, but also being done in a safe and sound way.

JO ANN BAREFOOT. Yeah. I love that you frame it as empathy because I do think that's what we need. And I think the biggest, you know, I would almost argue, the biggest mistake we make is to stay inside our silos, and regulators are doing what regulators do, and lawmakers are writing the laws, and advocates are, you know, fighting for consumers, and so on. And you cannot solve problems like this inside any one silo. You have to have holistic approaches, and that does require empathy. And, you know, simple as it seems, one of the keys to it is things like this. We have to bring people together outside their silos and get them to understand each other. Some of you know my organization puts on a lot of like hackathons, regulatory tech sprints. And the magic in them, more than anything else, is that we enable regulators to sit down at the same table and work on solving a problem with technology people. And they don't normally get that opportunity, you know? And suddenly, you can picture things that the other party knows of solutions that you don't have in your own tool set because you haven't had enough exposure to

them. So I say, just within the bounds of what's appropriate as regulators, take every opportunity you can to just meet and work with and learn from people who are doing adjacent but different work from yours.

DAN GORIN. It's very easy to be prescriptive, to say, hey, you can't have a deposit advanced product. How do you think regulators should be thinking about being permissive in their regulation, like saying this is what an ideal principle for a small-dollar lending program should look like, and yet not be able to see the kind of positive adaption, rather than everybody stops producing something you don't want produced?

JO ANN BAREFOOT. This is a very, very important question. If I were in charge of the whole thing, I would actually change the missions of most of the regulatory agencies to include more of -- I wouldn't point to the medical regulatory areas model that does everything right by any means. But if you look at the mandate of the FDA, they are expected to try to make medical products and devices fair, excuse me, safe and effective. In the regulatory world, we mostly have the mandate to keep things safe. And if something isn't going to, you know, if there's an innovation that could be unsafe but could be a tremendous breakthrough, it's not usually within the remit of the regulator to put much emphasis on the second half of that. And I wish that we had that. It makes the job harder. I don't think any of you people should worry about AI taking your job because I think you're going to have a lot of work to do. But I think that there should be an affirmative culture at least of trying to enable promising innovation to proceed. And then I think regulators should be trying to map out what does the pathway look like. You know, what do you expect in terms of testing? What do you expect in terms of track record or running parallel systems before you can take your hand off something, that type of thing? And I do think regulators need to do that. Something I learned after leaving the OCC was how scared the

industry was of me. But I thought I had, you know, good conversations with people, but I didn't know, you know, how intimidating it is to have your, especially your field examiners, you know, in your bank. So if you just frown at people, they're afraid to do things. That's the reality of it. Did I see another mic? I guess not. All right. Well, I so appreciate you inviting me today. Again, just congratulations on a wonderful conference, and thank you. [Applause]