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Brief Remarks

by

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(via pre-recorded video)

at

Crossing the Credit Barrier: Advancing Access and Creating Opportunities Conference

St. Louis, Missouri

October 22, 2025

Good afternoon and thank you to the Federal Reserve Banks of St. Louis, Boston, Richmond, and Philadelphia for hosting today's discussions.<sup>1</sup> You have organized a dynamic conversation on topics that have a significant bearing on the financial well-being of consumers and communities.

Financial inclusion and access to credit have been a long-standing focus of my work and a key component of the Federal Reserve's mission. The Fed has an important role in implementing a series of laws passed by Congress related to access to credit, including the Community Reinvestment Act. Today, I will share my perspective on the critical role that bank accounts, faster payments, and small-dollar loans can play in serving the needs of low- and moderate-income communities.

The ability to manage personal financial decisions safely and dependably begins with access to a bank account. One program that has been successful in expanding account access is Bank On, supported by the Cities for Financial Empowerment Fund (CFE Fund). Bank On accounts certified by the CFE Fund meet standards including low minimum deposits for account opening and low maintenance, overdraft, and other unexpected fees. The Bank On National Data (BOND) Hub, hosted by the Federal Reserve Bank of St. Louis, is a critical data set that helps us understand how financial institutions are expanding access to low-cost banking for consumers.<sup>2</sup> It also helps us better understand how this access directly benefits different households in numerous ways.

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<sup>1</sup> The views expressed here are my own and are not necessarily those of my colleagues on the Federal Reserve Board or the Federal Open Market Committee.

<sup>2</sup> See <https://www.stlouisfed.org/community-development/bank-on-national-data-hub/about-data-hub>.

Beyond account access, innovations such as more efficient payments systems, small dollar loans, and underwriting loans using alternative data, such as cash flows facilitate greater financial inclusion for consumers.

The ability to move money faster can empower households by providing them with more control over financial inflows and outflows—receiving their income and paying their bills. Better control over their financial lives can reduce knock-on effects from financial volatility, particularly for low-to-moderate income households with less financial slack.

Likewise, products like bank-offered small-dollar loans can provide affordable, short-term liquidity to cover emergencies and unexpected expenses. Data from the Fed’s 2024 Survey of Household Economics and Decisionmaking provide insights into how households might handle a small-dollar liquidity need. The short answer is it would be tough for many households. When asked how they would respond if confronted with an unexpected \$400 expense, nearly 20 percent of adults said they would have paid at least in part by selling something, using a payday loan, deposit advance, or overdraft. When looking at households with incomes of under \$25,000, this number increased to 46 percent.<sup>3</sup>

A bank-offered small-dollar loan could provide help to these households. Some banks have begun offering small-dollar loans that are partially or wholly underwritten using alternative financial data, such as cash-flows, including deposits, paying rent and utilities, and the like. This type of underwriting can help assess the creditworthiness of

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<sup>3</sup> Federal Reserve Board staff analysis of survey results, published in the *Economic Well-Being of U.S. Households in 2024* (Federal Reserve Board, May 2025), <https://www.federalreserve.gov/publications/files/2024-report-economic-well-being-us-households-202505.pdf>.

consumers with thin or no credit files. Additionally, cash-flow underwriting can help banks offer a “second look” for consumers who would otherwise not qualify based on more traditional credit-score-based underwriting models. Beyond expanding the pool of eligible consumers, loans underwritten using alternative financial data can lead to less expensive and faster loan underwriting. A safe, reasonably priced, and transparent small-dollar loan could help consumers better navigate the burden of emergency expenses.

I’ve mentioned a few ways that financial services can help improve the financial health of low-and moderate-income households—through safe and affordable bank accounts, faster payments, and small-dollar loans. Thank you for the work you are doing to understand how to better serve households and small businesses in a wide variety of ways. Better access to financial services can help communities to thrive. I hope to see continued collaboration among the Federal Reserve System and myriad stakeholders, including all of you. Through our shared efforts, we can continue to advance financial inclusion for all communities. Thank you.