

Michelle W Bowman: Panel remarks - 2023 Symposium on Indigenous Inclusion

Panel remarks by Ms Michelle W Bowman, Member of the Board of Governors of the Federal Reserve System, at the 2023 Symposium on Indigenous Inclusion, The Central Bank Network for Indigenous Inclusion and The Reserve Bank of New Zealand-Te Ptea Matua, Auckland, 27 September 2023.

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Governor Bowman was asked to make remarks responding to two questions. Below are the questions and her responses.

Panel Question 1: Why should Indigenous financial inclusion be a core focus for central banks?

I'd like to thank the Reserve Bank of New Zealand and Governor Orr for hosting this symposium and for the invitation to participate.^{[1](#)}

It is an honor to join my Network colleagues for this important discussion. As the Federal Reserve Board's representative to the Network, I recognize and acknowledge that the United States and the foundation of its economy were built on land enriched by its original Indigenous inhabitants and their stewardship of its natural resources.

Recent natural disasters affecting Indigenous communities in Network countries highlight the importance of our work. Those harmed by the recent wildfires in Hawaii and Canada, as well as Cyclone Gabrielle here in New Zealand, face substantial economic headwinds. I hold these communities close in my thoughts.

I see two fundamental reasons why central banks should focus on Indigenous financial inclusion. The first is our responsibility to foster an economy that works for everyone. Second is the wisdom we can gain from community-led approaches to expanding financial opportunity.

In order to effectively support inclusive economic growth, we need to understand the economic conditions of Indigenous communities. The Federal Reserve's ongoing research and outreach enable us to gain insight about economic barriers that Indigenous communities face. Our recent research notes several challenges, including those related to labor market conditions, affordable credit and financial services access, homeownership, and broadband access. Our efforts to understand these challenges support our ability to provide information and resources that can help address the needs.

For example, our research has found that Indigenous communities have less access to high-speed internet. During the pandemic, Indigenous communities participated less in remote work-which may, in part, reflect this lack of access. In addition to our research, we will convene a conversation among Indigenous communities, federal policymakers, and researchers to discuss the challenges and opportunities to advance broadband service networks.

Our research has also shown that on average, Indigenous borrowers pay more for home loans. While there is a diversity of housing conditions, land tenure, and very different legal frameworks governing lending and other financial services for Indigenous communities, our research helps raise awareness of the challenges and informs our work to promote Indigenous homeownership.

Our research has also found that the lack of credit and financial services access is a key barrier to economic development in Indigenous communities. Native Community Development Financial Institutions-or CDFIs-play a vital role in addressing this credit and financial services gap.

The Federal Reserve's research and engagement efforts have significantly advanced our understanding of the economic barriers for Indigenous communities, but there is still much to learn. The Center for Indian Country Development is working to address data gaps of U.S. Indigenous populations to provide needed information to their leaders, policymakers, and practitioners to inform decisions that best serve their communities.

The Center has developed datasets on Indigenous community labor market conditions, reservation profiles including key demographic and economic indicators, and a tool that identifies economic development resources and opportunities in these communities.

The Center is currently developing a Native Entity Enterprise Dataset to better understand businesses owned by Alaska Native corporations, Native Hawaiian organizations, and tribes.

In addition to identifying economic needs, these datasets can help policymakers direct resources where they will be most effective. Above all, these datasets equip Indigenous communities with information to plan their economic futures.

Financial inclusion is an important focus for central banks, and Indigenous-led approaches can help further efforts to achieve an inclusive economy. Native CDFIs serve as critical sources of credit and financial services for Indigenous communities, and their unique lending practices provide new insights about strategies to reduce loan delinquency risks. Like community banks, Native CDFIs take a holistic approach to assessing credit risk, which includes conventional measures like credit scores and community- and character-based criteria that leverage their understanding of their communities and customers. In a recent study of Native CDFI loan data, we found that these customer relationships can reduce uncertainty in lending outcomes. These research findings could be useful for other financial institutions serving Indigenous communities.

The Fed has also increased Indigenous participation on boards and advisory councils and has hired staff to engage with these communities. We are working to ensure that Indigenous perspectives inform our work and create new opportunities to learn from their practices and approaches.

Thank you for the opportunity to reflect on this important area of focus for central banks. I look forward to hearing from my colleagues on this topic.

Panel Question 2: What two or three key actions taken by your organization have been instrumental in accelerating progress towards Indigenous financial inclusion?

In recent years, the Federal Reserve has improved efforts to focus on Indigenous communities, including convening listening sessions and outreach events, conducting research in partnership with these communities, supporting economic and financial education, and offering programs that build the capacity of Indigenous organizations. Our Reserve Banks lead these efforts, and our involvement in the Central Bank Network for Indigenous Inclusion broadens our perspective as we engage in this work.

We are accelerating progress in three ways: The first is engagement. Our work to advance Indigenous financial inclusion requires that Indigenous communities value the Fed as a trusted partner and resource. Throughout the System, we are engaging these communities through outreach events, including listening sessions and tribal leader roundtables to discuss economic issues—from housing to early childcare, and from education to business.

One of these engagements, an affordable housing forum in Hawaii, led to financing discussions for housing projects that will benefit Native Hawaiian communities. Another facilitated a small business lending working group that regularly convenes local, state, and federal partners to address challenges with access to capital for Alaskan small businesses, especially those owned by Native Alaskans. This group has helped connect local Native CDFIs to banks and state and federal partners for funding and technical assistance.

We also recently partnered with national Indigenous organizations to host a webinar featuring new research on the opportunity for Indigenous business entities to engage in federal contracting. The event brought together a range of Indigenous enterprise executives who reflected on research, discussed challenges and opportunities for Indigenous entities pursuing federal contracting, and shared their own stories of economic diversification.

Conversations like this support our Indigenous partners—by allowing us to share our research insights and by providing a forum for Indigenous community members to share their own stories and perspectives.

The second way we are making progress is research. We are conducting research for and with Indigenous communities. Accurate, comprehensive information on Indigenous economic conditions helps to identify challenges and opportunities, providing data to inform decisionmaking.

The Federal Reserve's Small Business Credit Survey gathers information to help policymakers understand changes in small business credit practices. The survey now includes Indigenous small business owners, which improves our understanding of their conditions and needs.

We also conduct a recurring survey of CDFIs, including Native CDFIs, to understand their current challenges and opportunities.

We continue to conduct research in consultation with Indigenous-led organizations and tribal governments. Our research is conducted in accordance with data principles recognizing the important responsibilities associated with collecting and analyzing Indigenous data to ensure that Indigenous data sovereignty and governance are respected.

The third, and perhaps most important, is empowerment. Our research and programs enable our Reserve Banks to assist Indigenous communities through information and resources to plan their own economic futures.

For example, our Native Economic and Financial Education Empowerment program works with Indigenous communities to provide free economic and personal finance education that incorporates Indigenous language and culture.

Our Working Communities Challenge facilitates local collaboration to increase economic opportunity in rural areas. This program serves as a first-of-its-kind venue to connect tribal leaders, nonprofit organizations, and private- and public-sector leaders around economic development efforts. Most recently, leaders convened to understand data gaps across the full partnership and how they can better leverage data across organizations as they work toward expanding the number of living-wage jobs and reducing rates of childhood poverty within the community. Indigenous voices and perspectives are a critical part of this effort.

We're also developing new data tools and research partnerships that help Indigenous communities conduct research on economic opportunities. For example, our Native American Funding and Finance Atlas is a publicly available interactive map tool that identifies the financial institutions, lending activity, and economic development programs in their tribal community and surrounding areas.

I'm proud of the Federal Reserve System's efforts to further Indigenous financial inclusion, and I'm grateful for this opportunity to learn from the dedicated efforts of our Network partners.

There is so much important and impactful work happening, and I look forward to the progress that we will continue to make together.

Thank you.

¹ The views here expressed are my own and not necessarily those of my colleagues on the Board of Governors of the Federal Reserve System or at the Reserve Banks. [Return to text](#)