

Minutes of the regular meeting of the
FINTECH ADVISORY GROUP
 11:00am-1:00pm, Wednesday, April 13, 2021
 Federal Reserve Bank of New York
 WebEx Call

Present:

Michael Bodson, President and Chief Executive Officer, DTCC
 Marla Blow, President and Chief Operating Officer, Skoll Foundation
 Lee Braine, Managing Director of Research and Engineering, Barclays
 Lena Mass-Cresnik, Chief Data Officer, Moelis & Company
 Frank Fallon, Global Head of Financial Services, Amazon Web Services
 Matt Harris, Partner, Bain Capital Ventures
 Cathie Mahon, President and Chief Executive Officer, Inclusiv
 Patrick Murck, Chief Legal Officer, Transparent Systems, Inc.
 Ulku Rowe, Director of Financial Services, Google Cloud
 Michael Tae, Corporate Vice President, Broadridge Financial Solutions
 David Waller, Partner and Head of Data Science and Analytics, Oliver Wyman

Federal Reserve attendees:

John C. Williams, Chair	Bev Hirtle
Elizabeth Caviness	Julapa Jagtiani
Knarig Arabshian	Anna Kovner
Christopher Armstrong	Mitchell Lee
Alan Basmajian	Adrienne Manns
Clive Blackwood	Antoine Martin
Christina Branche	Harry Mendell
Matt Bray	Helen Mucciolo
Benjamin Chan	Scott Nesson
Jim Cunha	Erika Ota-Liedtke
Tom Doheny	Joey Patel
Pam Dyson	Josh Rosenberg
Lisa Evanson	Giovanni Salmeri
Linda Fahy	Asani Sarkar
Elena Ferri	Shrilaxmi Satyanarayana
Robert Goodman	Johanna Schwab
Brad Groarke	Kevin Stiroh
Jack Gutt	Joe Torregrossa
Naureen Hassan	Sunayna Tuteja
Michael Held	

Elizabeth Caviness, Officer, Markets Group called the conference call to order at 11:00am. The meeting focused on the impact of the pandemic on financial inclusion and potential implications for fintech. John C. Williams, Chair of the Fintech Advisory Group (FTAG), welcomed members, and introduced a new FTAG member and the New York Fed's new First Vice President.

Marla Blow, President and COO of the Skoll Foundation, presented on the impact of the pandemic on consumer inequality. Prior to the pandemic, roughly one-third of the U.S. population was economically insecure, and about 50% of this number consisted of people of color. In this economically unsecure cohort, the likelihood of contracting COVID is elevated due to higher instances of front-line jobs that cannot be done remotely and the greater likelihood of living in larger, multigenerational households. The pandemic has highlighted ways that fintech can engage in enabling policy efforts, such as in helping to solve for traditional identity issues that act as a barrier to accessing the financial system, and in how fintech can produce financial access platforms for relatively small populations. Members then discussed what can be learned from other jurisdictions, the effect of the pandemic on female employment as childcare burdens have fallen disproportionately on women and what can be done to address the gap in female employment, and current trends in venture capital investment in fintech.

Cathie Mahon, President and CEO of Inclusiv, presented on the impact of the pandemic on small businesses and the implications for fintech. Credit unions have been on the front line of lending during the pandemic to ensure that members have access to needed funding. The pandemic has accelerated the adoption of digital banking solutions using financial technology by these firms. The Paycheck Protection Program (PPP) created under the CARES Act provided critical funding to small businesses, but a relatively small percentage of PPP funds were allocated to loans smaller than \$150 thousand. A key challenge for small businesses and banks at the outset of that program was the lengthy application time. However, by working with fintech companies, credit unions were able to deploy technological solutions to significantly reduce application times. Members discussed actions needed to continue to make progress in small business financing, noting that there has been significant innovation in the past year to streamline the underwriting process. For example, fintech lenders with the ability to tap into unconventional data sources specific to small businesses have helped to facilitate the loan application process.

Following the discussion of the impact of the pandemic on small businesses, members shared their thoughts on developments in fintech related to financial inclusion. Members highlighted the idea that central bank digital currencies (CBDCs) could help with some of the frictions associated with financial inequality and access to financial services. Members noted that there may be efficiency benefits emanating from CBDCs in the wholesale space, but that they become much more complex and nuanced in the retail space. Members also recognized that private sector initiatives are pushing central banks to do more, and faster, to develop retail CBDCs. Members also discussed how real-time information could be used to help better inform consumers about financial literacy, which could decrease some of the informational barriers to access to financial services in a more pragmatic way than traditional financial literacy programs.

The meeting adjourned at approximately 1:00pm.