

## **“Breaking Down Barriers: Reaching the Last Mile of the Unbanked”**

Last Updated: September 14, 2021

Good morning. I would like to extend a warm welcome to the teams joining us today. In July, the FDIC asked tech sprint participants to identify data, tools, and other resources to help community banks meet the needs of unbanked Americans in a cost-effective manner. The teams that we will hear from today have answered that call. The question we posed to you is critical to the FDIC. As the nation’s primary supervisor of community banks, the FDIC plays an important role in helping these institutions meet the needs of their customers and communities.

The FDIC has seen meaningful improvements in recent years in reaching the “last mile” of unbanked households in this country. Based on the results of our biennial survey of households, the proportion of U.S. households that were banked in 2019 – 94.6 percent – was the highest since the survey began in 2009. On the flip side, that translated into seven million *households* that remain unbanked.

The FDIC has made significant strides in reaching unbanked households over the years. But, as we can see by the remaining millions of unbanked households, we still have more work to do. This problem is broader than the rate of unbanked households, and so I have tasked the FDIC to think of financial inclusion not solely through the lens of whether a person has a checking or credit account but whether the financial system is working for them.

The teams here have answered our call to action, and we are grateful for the time and effort you have put into your submissions. We hope this tech sprint will light the fuse to more work in this area. And we know you all are taking time away from your daily work to help us tackle these issues, and we are deeply appreciative of the ability to experiment with you and to learn from you.

We will hear from eight teams, composed of 18 organizations, today. These teams showcase a diversity of experiences that will help us harness the power of technology to create an inclusive financial system. Though we plan to announce some winners of this tech sprint today, I want to emphasize how much we are grateful for each team’s contribution. Today’s session is just the beginning for the solutions you have identified and I look forward to seeing what each of you do next.

By hosting these tech sprints, the FDIC is stepping out of its traditional role. I hope we have shown you that this is no longer your grandmother’s FDIC. But by shedding some of this formality, we hope to provide a platform and venue for creative thinkers such as yourselves to tackle pressing issues.

The gap in access to the banking system and the challenges community banks face compared with larger competitors who have economies of scale in adopting innovations have shown that we must think outside the box to create a financial system that will help close this gap.

This is where innovation comes in. As I have said before, innovation is no longer a question of “shall we; shall we not?” but “how can we do it because we must?” Whether by allowing community banks themselves to adopt new technologies or by allowing them to partner with fintechs that develop new products, innovation can reduce the costs of adopting new technology by community banks and give them a fighting chance to provide the types of financial services their communities need and want.

The FDIC is taking a multi-pronged approach to tackling these issues, but we cannot move the needle alone. There is a network of actors, both public and private, that must act to cause change. A key part of our effort going forward, therefore, is using our stature and ability to connect external stakeholders to propel innovation forward.

Today’s session is only a first step. I encourage all of the participants today to continue to engage with us and share your ideas and expertise on how we can support innovation as a bridge to financial inclusion. I look forward to seeing how you develop your solutions, because innovators like you can lay the groundwork for a financial system that supports advances in banking to better serve customers and communities alike.