

Michael S Barr: Brief remarks – "Crossing the credit barrier: advancing access and creating opportunities"

Speech (via pre-recorded video) by Mr Michael S Barr, Vice Chair for Supervision of the Board of Governors of the Federal Reserve System, at the conference "Crossing the credit barrier: advancing access and creating opportunities", St Louis, Missouri, 22 October 2025.

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Let me thank the Opportunity Finance Network for the invitation to be part of this gathering.¹ Unfortunately, I could not join you in person, but I'm pleased to be able to offer a few words to celebrate the legacy of Community Development Financial Institutions (CDFIs)-a legacy rooted in opportunity, innovation, and commitment to communities that have too often been overlooked.

I'm deeply grateful to so many of you who are carrying forward that mission-building on the work of pioneering leaders who saw finance not just as a set of markets, but as a means for broad-based economic inclusion.

I've had the privilege of being a part of the CDFI story myself. Early on, while at the Treasury Department, I worked with colleagues to help stand up the CDFI Fund, strengthen the Community Reinvestment Act, and launch the New Markets Tax Credit. When I returned to Treasury years later, I got a chance once again to work with the talented staff of the CDFI Fund, people whose dedication to expanding economic opportunity was truly inspiring. And over the last three decades, and now at the Federal Reserve, I've seen firsthand how CDFIs around the country help small businesses to thrive and communities to prosper.

CDFIs emerged as a creative solution to a fundamental challenge: how to get credit flowing into places where mainstream finance has not always reached. Through flexible underwriting, tailored lending, and deep community development relationships, CDFIs meet credit needs through good times and bad. CDFIs help fuel the revitalization of neighborhoods, small businesses, and local economies.

When I travel around the country as a Fed Governor, I often meet with local community leaders, including local CDFIs. I've seen CDFIs serving rural areas, such as the Mississippi Delta, where CDFIs have stepped in as traditional bank branches have closed. I've heard small businesses in urban areas such as Atlanta praise the work of CDFIs helping them get access to capital, skills development, and business opportunities that were otherwise unavailable. I've seen countless examples of CDFIs helping to build affordable housing, daycare centers, and revitalize neighborhoods, in communities from Hartford, Connecticut to Dallas, Texas.

CDFIs operate all over the nation, including in Indian Country. The Federal Reserve's Center for Indian Country Development has done remarkable work documenting the power of CDFIs in Native communities. Some of the solutions they've designed include seasonal payment structures for fishermen and loggers, accepting tribal distribution payments as collateral, or creating land buy-back loans. One Native CDFI leader

described their work as "blending culture with finance"-and I think that captures beautifully what makes the CDFI model so powerful.

And when economic downturns come-as they inevitably do-CDFIs are often the first to step up. During the foreclosure crisis, they maintained lending and provided critical support to homeowners who otherwise could not or would not be served. When the COVID-19 pandemic hit, CDFIs once again acted as first responders, rapidly delivering relief to small businesses.

CDFIs have earned their strong track record through performance and results - delivering impact in rural areas, urban neighborhoods, and tribal communities across the country. Demand for their services continues to grow.

The story of the CDFI movement is one of persistence, creativity, and partnership-qualities that will serve us well in the years ahead. Together, we can build on this strong foundation to ensure that opportunity reaches every community and that the legacy of inclusive finance continues for generations to come.

Thank you for your leadership, your commitment, and for the work you do every day to make that vision a reality.

¹ 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.