

For release on delivery
5:05 p.m. EST
November 29, 2021

Engagement, Research and Policy: Integrating Indigenous Voices into Economic
Inclusion at the Federal Reserve

Remarks by

Michelle W. Bowman

Member

Board of Governors of the Federal Reserve System

at

Virtual Symposium on Indigenous Economies: Bank of Canada, Tulo Centre of
Indigenous Economics, the Reserve Bank of New Zealand

Virtual event

November 29, 2021

Thank you to the Bank of Canada for the invitation to speak at today's symposium.¹ It is an honor to be with you virtually today as the Federal Reserve Board's representative to the Central Bank Network for Indigenous Inclusion. I am pleased to add my voice to those of my colleagues today and to 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.

The economic well-being of Indigenous people is an important aspect of the Federal Reserve's goal to increase economic inclusion for all Americans, and it is one of the reasons we are participating in today's symposium and the Central Bank Network for Indigenous Inclusion. Over time, it has become evident that opportunities to succeed and build a better life for all economic participants is a central concept for a healthy and growing economy and a stable and strong financial system. The negative effects of past policies and a lack of economic opportunity have impacted Indigenous people for generations. I would like to acknowledge this history, but also to acknowledge that no great nation can prosper when its people are left behind. The Federal Reserve, with all of the powerful tools at its disposal, can't fully succeed unless Native people, and others that have existed on the margins of the economy, have the opportunity to become full participants. The discussions today, including those regarding access to credit for Indigenous communities, can advance this goal.

The Federal Reserve also makes progress on economic inclusion through the process of engagement. We rely on discussions like those from our *Fed Listens* events series to supplement the quantitative data upon which central bankers rely to make

¹ I would like to thank Benjamin Horowitz and Casey Lozar for their assistance drafting my remarks.

decisions that may have life-changing consequences for households across the United States.² In partnership with the Federal Reserve Bank of Kansas City, the Board of Governors recently held a *Fed Listens* event in Oklahoma to learn from tribal leaders that represent the 39 federally recognized tribes in that state.

The Board also gains perspective from formal advisory bodies like its Community Advisory Council. The council “provides the Board with diverse perspectives on the economic circumstances and financial services needs of consumers and communities, with a particular focus on the concerns of low- and moderate-income populations.”³ An Indigenous leader on the council regularly shares insights on the economic conditions and opportunities within Indigenous communities.

In the U.S. context, effective outreach must be regular and extensive, so we are able to capture the wide range of perspectives represented within and across 574 federally recognized tribes. Each tribal community’s experience differs and is shaped by its own often-complex history. I met with some of these leaders on a recent trip to South Dakota, and they reminded me of the importance of building understanding by meeting people where they are to better grasp what they have experienced. That said, there are some common experiences across Native American communities that are reflected in data: Per-capita income among Native Americans is about half that of the rest of the United States.⁴ But since 1990, Native Americans’ gross domestic product per capita has nearly

² See the Federal Reserve Board’s website at <https://www.federalreserve.gov/monetarypolicy/review-of-monetary-policy-strategy-tools-and-communications-fed-listens-events.htm>.

³ See the Federal Reserve Board website at <https://www.federalreserve.gov/aboutthefed/cac.htm>.

⁴ Randall Akee, *Sovereignty and Improved Economic Outcomes for American Indians: Building on the Gains Made Since 1990* (Washington: Washington Center for Equitable Growth, 2021), <https://equitablegrowth.org/sovereignty-and-improved-economic-outcomes-for-american-indians-building-on-the-gains-made-since-1990/>.

doubled in real terms.⁵ While reservation economies often offer fewer, less-diverse job opportunities relative to other rural areas,⁶ firms in Indian Country showed high levels of resiliency during the last financial crisis.⁷

Bank branches are harder to find in Indian Country.⁸ Credit is often more expensive for reasons not fully explained by available borrower characteristics alone.⁹ As an example, 14 percent of American Indian/Alaska Native mortgages were “high-priced” compared with eight percent for other populations.¹⁰ In response, the number of Native-led Community Development Financial Institutions (CDFIs) has quadrupled over the past two decades.¹¹ These Native CDFIs cannot singlehandedly resolve Indian Country’s credit needs, but research and pilot programs demonstrate the power of cultural

⁵ Randall Akee, [*Sovereignty and Improved Economic Outcomes for American Indians*](#).

⁶ Randall Akee, Elton Mykerezi, and Richard Todd, “[Opportunities to Diversify: Reservation Workplaces and Job Numbers Compared to Nearby County Areas](#),” in *Creating Private Sector Economies in Native America: Sustainable Development through Entrepreneurship* (Cambridge: Cambridge University Press, 2019), <https://www.cambridge.org/core/books/creating-private-sector-economies-in-native-america/opportunities-to-diversify-reservation-workplaces-and-job-numbers-compared-to-nearby-county-areas/364712BB04F452AAD797A7B47397BE7E>.

⁷ Randall Akee, Elton Mykerezi, and Richard Todd, [*Business Dynamics on American Indian Reservations: Evidence from Longitudinal Datasets*](#) (Minneapolis: Federal Reserve Bank of Minneapolis, 2021), <https://www.minneapolisfed.org/~media/assets/papers/cicdwp/2021/cicd-wp-2021-02.pdf>.

⁸ Indian Country is a broad term used to refer more generally to tribal governments and Native communities, cultures, and peoples as defined by the [National Congress of American Indians](#). Staff research from the CICD shows that 15 percent of tribal entities meet the Board of Governors’ definition of being “branch poor” compared with just 1 percent of all U.S. counties.

⁹ The strongest evidence on this front is in Donna Feir and Laura Cattaneo, [*The Higher Price of Mortgage Financing for Native Americans*](#) (Minneapolis: Federal Reserve Bank of Minneapolis, 2019), <https://www.minneapolisfed.org/research/cicd-working-paper-series/201906-the-higher-price-of-mortgage-financing-for-native-americans>.

¹⁰ High-priced mortgages are defined in Home Mortgage Disclosure Act data as having a rate greater than or equal to 1.5 points above a average prime offer rate.

¹¹ Michou Kokodoko, Valentina Dimitrova-Grajzl, Peter Grajzl, and Joseph Guse, “[Native CDFIs Improve Credit Outcomes for Indian Country Residents](#)” (Minneapolis: Federal Reserve Bank of Minneapolis, 2021), <https://www.minneapolisfed.org/article/2021/native-cdfis-improve-credit-outcomes-for-indian-country-residents#:~:text=The%20number%20of%20certified%20Native.increases%20in%20measures%20of%20creditworthiness>.

fit as they bring credit, financial services, and consumer education into tribal communities.¹²

In the context of the recent pandemic, we have also seen some Native communities' approach to the pandemic health response be considered as potential case studies for future best practice.¹³ Federal government stimulus has also led to historic levels of funding for tribal communities in the wake of COVID-19, which may help to address housing and other infrastructure needs created and exacerbated by generations of unfulfilled treaty and trust obligations.^{14,15}

¹² Michou Kokodoko, et al., "[Native CDFIs Improve Credit Outcomes for Indian Country Residents](#)." See, for example, an initiative bringing U.S. Department of Agriculture resources to reservations in South Dakota in Andrew P. Scott, *An Overview of Rural Credit Markets* (Washington: Congressional Research Service, 2021), report R46914, page 30, <https://crsreports.congress.gov/product/pdf/R/R46914>.

¹³ Gabriel R. Sanchez and Raymond Foxworth, "[Native Americans And COVID-19 Vaccine Hesitancy: Pathways Toward Increasing Vaccination Rates For Native Communities](#)," Health Affairs Blog, July 29, 2021, <https://www.healthaffairs.org/doi/10.1377/hblog20210723.390196/full/>.

¹⁴ For details on unfulfilled treaty and trust obligations, see U.S. Commission on Civil Rights, *Broken Promises: Continuing Federal Funding Shortfall for Native Americans* (Washington: U.S. Commission on Civil Rights, December 2018), <https://www.usccr.gov/files/pubs/2018/12-20-Broken-Promises.pdf>.

¹⁵ For examples of the outstanding infrastructure and housing needs of Indian Country, see:

- Alene Tchourumoff, [Housing for Native Americans: Review of Federal Programs, Barriers, and Opportunities](#), testimony before the U.S. Senate Subcommittee on Housing, Transportation, and Community Development of the U.S. Senate Committee on Banking, Housing, and Urban Affairs on May 27, 2021, <https://www.minneapolisfed.org/~media/assets/speeches/2021/housing-for-native-americans-review-of-federal-programs-barriers-and-opportunities/tchourumoff-shtcd-testimony-5272021.pdf?la=en>.
- Nancy Pindus, G. Thomas Kingsley, Jennifer Biess, Diane Levy, Jasmine Simington, and Christopher Hayes, *Housing Needs of American Indians and Alaska Natives in Tribal Areas: A Report from the Assessment of American Indian, Alaska Native, and Native Hawaiian Housing Needs*, (Washington: U.S. Department of Housing and Urban Development, Office of Policy Development and Research, 2017), page xxi, <https://www.huduser.gov/portal/publications/HNAIHousingNeeds.html>.
- Anahid Bauer, Donna Feir, and Matthew Gregg, *The Tribal Digital Divide: Extent and Explanations* (Minneapolis: Federal Reserve Bank of Minneapolis, 2021), <https://www.minneapolisfed.org/research/cicd-working-paper-series/the-tribal-digital-divide-extent-and-explanations>.
- U.S. Commission on Civil Rights, *Broken Promises: Continuing Federal Funding Shortfall for Native Americans*, briefing paper (Washington: U.S. Commission on Civil Rights, December 2018), <https://www.usccr.gov/files/pubs/2018/12-20-Broken-Promises.pdf>.
- Casey Lozar, *Structural Barriers to Tribal Revenues Leave Indian Country Vulnerable to COVID-19 Pandemic* (Minneapolis: Federal Reserve Bank of Minneapolis, 2021), <https://www.minneapolisfed.org/article/2021/structural-barriers-to-tribal-revenues-leave-indian-country-vulnerable-to-covid-19-pandemic>.

Many of the issues I have discussed today are the subject of extensive Fed research. Continued research conducted by central banks can play an important role in generating new work to better understand where gaps may exist. Central banks can also leverage their unique role in the economy and society by fostering important connections between lenders, funders, other public agencies, and academics working with Indigenous communities.

In recent years, the Board of Governors has organized gatherings like the Native American Financial Institution Conference, which promotes Indian Country economic research, and ensures that Indigenous-led institutions are served through collaborations like the Partnership for Progress with minority depository institutions.¹⁶

Our regional banks also support Indian Country in many ways. Six years ago, the Federal Reserve Bank of Minneapolis formalized decades of Indian Country work and founded The Center for Indian Country Development, or CICD. Today, the CICD is a national leader in qualitative and quantitative research highlighting economic and credit conditions in Native communities. CICD's practice is guided by a tribal leadership council, and active engagement with American Indian, Alaska Native, and Native Hawaiian community leaders.

CICD staff lead research within tribal communities, gather information through surveys of tribal institutions, and study financial markets for Indian Country as a whole. CICD functions as a true public resource, providing accessible information and data that can serve as a foundation for the research of others. Their events serve as important meeting grounds, where partnerships can form, and ideas can be thoughtfully considered.

¹⁶ The Partnership for Progress website is www.fedpartnership.gov.

The Federal Reserve Bank of St. Louis with support from the Federal Reserve Banks of Atlanta and Kansas City provides multiple tribal nations and Native communities across the United States with personal finance and economic education programming. This culturally relevant programming offers the flexibility to adapt to local needs, including the use of Native language, to strengthen financial literacy in the tribal communities served. Other Federal Reserve community development staff partner with tribes on best-practice manuals and convene regional and national leaders to encourage connections between tribal leaders and lenders.¹⁷

Of course, research and outreach are not ends in and of themselves. Two recent examples highlight how the Fed's work in Indian Country translates information into practice. The first example comes from the Main Street Lending Program, a credit program created to address pandemic related financial challenges for certain businesses during the COVID-19 pandemic. The program's initial rules made the application process and funding approval challenging for tribal-nation-owned enterprises. In response, the procedures were quickly adapted to accommodate these entities, which improved the effectiveness of the program and its reach to Indian Country applicants.

The second example comes from our work to modernize the Community Reinvestment Act, or CRA. Among other things, the CRA provides a framework to assess banks' service to and investments in economically distressed areas. In our first steps to modernize the regulation, we posed a set of questions to the public. We included questions about Indian Country, and CICD reached out to Indigenous leaders and

¹⁷ See, for example, the Federal Reserve Bank of San Francisco and U.S. Department of Agriculture, *Alaska Rural Homeownership Resource Guide* (San Francisco: FRBSF and USDA, 2017), <https://www.frbsf.org/community-development/files/alaska-rural-homeownership-guide.pdf>.

organizations to highlight the opportunity to provide feedback resulting in a significant number of public comments highlighting Indian Country considerations. As we move forward with the CRA modernization process, the consideration of these and other comments will result in a more effective outcome.

My remarks today have really only scratched the surface of the Federal Reserve System's efforts to improve our engagement with Indigenous communities. While these efforts have much room to grow, I am very pleased that they inform our System's work to support economic opportunity during this important time. Today's symposium has provided me with much to consider and reflect upon as we continue our collective efforts to work with and support Indigenous people.

I look forward to beginning our ongoing work together to understand how central banks can more effectively include Indigenous communities.