

## Foreword

*Laura Choi*  
*Federal Reserve Bank of San Francisco*

*Ida Rademacher*  
*Aspen Institute*

Our economic and financial systems are at an important crossroads, where the promises of future innovation must be considered against the potential pitfalls of past and present inequities. This issue of the Community Development Innovation Review explores how the push for racial equity in our financial systems intersects with the growing field of financial technology, or “fintech.”<sup>1</sup> We conceived of this issue well before COVID-19 hit our shores, but the topic became even more urgent as the financial devastation and health risks of the pandemic economy fell disproportionately on low-income households and households of color. Those most at risk were the hardest to reach with aid, revealing how inequities in the financial system could hamper broader relief and recovery efforts.

The leaders highlighted in this volume each bring a unique lens to fintech’s promise of new solutions to historic exclusions baked into our economy, but also the potential risk of deepening existing inequities if these solutions are not implemented with care. Published as a partnership between the Federal Reserve Bank of San Francisco and the Aspen Institute Financial Security Program, this volume aims to activate conversation and build bridges between the various organizations and innovators that will create the future of fintech to ensure we are intentionally building an inclusive financial system as we plan for a post-pandemic economy.

The authors reflect diverse perspectives and experiences with fintech, racial equity, economic inclusion, and community development. Together, they represent the breadth of leaders and organizations that need to be brought to bear to build a truly inclusive financial system. In these essays, regulatory and technological experts ask important questions about what systems must be in place to ensure those innovations truly move the needle on racial equity and do not inadvertently leave people of color further behind. These perspectives are rounded out by innovators who discuss the use of fintech innovations to expand access and improve outcomes to the growing set of tools and services understood to be necessary for financial inclusion, from savings to credit to the safety net.

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*The Community Development Innovation Review focuses on bridging the gap between theory and practice, from as many viewpoints as possible. The goal of this journal is to promote cross-sector dialogue around a range of emerging issues and related investments that advance economic resilience and mobility for low- and moderate-income communities and communities of color. The views expressed are those of the authors and do not necessarily represent the views of the Federal Reserve Bank of San Francisco or the Federal Reserve System.*

1 For this work, the SF Fed defines financial technology as anything that is digitally based, including new technologies, techniques, and business models.

We also hear from leaders working directly in community development, who provide frameworks and case studies for how partnership with fintech can help achieve their goals.

For fintech leaders, we hope these perspectives illuminate the broader ecosystem affected by their work and the societal challenges that should serve both as goals and cautionary tales as they try to live up to the promise of fintech. For those with deep experience and expertise working on issues of racial equity and financial inclusion, we hope these essays provide examples of the results that can be achieved when fintech is implemented with intention and care toward those goals.

Like many around the country, both of our organizations renewed commitments this year to addressing longstanding racial inequities. This volume represents just a piece of the research, convenings, and tools we are initiating in the coming year to spur a collective sense of what is both necessary and possible in order to make financial inclusion and financial health in the United States a reality. As your organizations build strategies to achieve these same goals, we also hope you consider where unconventional partners, perhaps highlighted in this volume, should be part of your plans. We also hope you consider us as potential partners and resources in that work. It will take all of us working together to achieve the vision of a truly inclusive financial system that delivers financial security for all.

***Laura Choi** is Vice President of Community Development at the Federal Reserve Bank of San Francisco. In this role, she provides overall strategic direction and leadership of the Community Development team and serves as Community Affairs Officer for the Twelfth Federal Reserve District. Laura is responsible for aligning the community development team's research and outreach efforts with the broader strategic goals of the Bank, in order to advance economic resilience and mobility for low- and moderate-income communities and underserved households. Prior to joining the SF Fed in 2008, she worked in affordable housing development and management consulting. Laura serves on the board of the National Coalition for Asian Pacific American Community Development. She holds a BA in Economics and a master's of Public Policy degree, both from the University of California, Berkeley.*

***Ida Rademacher** is a vice president at the Aspen Institute, executive director of the Aspen Financial Security Program and co-chair of the Aspen Partnership for an Inclusive Economy. Since joining the Institute in 2015, her work has helped catalyze a solutions-focused national discussion of how America can improve economic growth by addressing growing levels of wealth inequality, racial disparity and financial precarity among workers. Her efforts have resulted in the creation of several new cutting-edge initiatives including the Aspen Partnership for an Inclusive Economy, the Aspen Leadership Forum on Retirement Savings, Benefits21, the Consumer Insights Collaborative, the Expanding Prosperity Impact Collaborative (EPIC), nonprofit Leaders in Financial Technology (nLIFT) and the Reconnecting Work and Wealth Initiative. Previously, Rademacher served as Chief Program Officer with Prosperity Now (formerly CFED), and in senior research roles at the Center for Applied Behavioral and Evaluation Research at AED and the Aspen Institute Economic Opportunities Program. Her training is in economic anthropology, ecological economics and public policy.*