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Staying Ahead of the Curve: Twenty-Five Years of Consumer Finance Excellence

New Perspectives on Consumer Behavior in Credit
and Payments Markets Conference
Philadelphia

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President and Chief Executive Officer
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The views expressed today are my own and not necessarily those of the Federal Reserve System or the Federal Open Market Committee (FOMC).

Remarks as prepared for delivery.

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Thank you, Bob,¹ for that introduction. Good afternoon, everyone! I am delighted to welcome you to the Federal Reserve Bank of Philadelphia's 13th biennial conference on household finance and consumer payments.

This year holds special significance because we are celebrating 25 years of the [Consumer Finance Institute's](#) leadership in consumer credit and payments research. I'm going to brag a little bit about the Consumer Finance Institute and talk about why its work is so important.

But, before I do that, I need to remind you all that these are my own views and not necessarily those of any of my Federal Open Market Committee (FOMC) colleagues or anyone else in the Federal Reserve System.

Twenty-five years ago, when what became the Consumer Finance Institute was first established, the norm was to physically go to a bank branch to talk to a teller or to use an ATM. Virtually everyone paid monthly bills using checks and talked to a loan officer if they needed a mortgage. The idea of getting investment advice from social media or using a smartphone to pay for morning coffee was only a glimmer in the eye of the most ardent futurists.

At that time, the Philadelphia Fed's region — Delaware, the eastern two-thirds of Pennsylvania, along with Southern New Jersey — was home to one of the largest PIN debit networks in the country. And Philadelphia Fed staff processed millions of checks from families paying monthly credit card bills.

This made the Philly Fed a natural place to launch a center dedicated to advancing research on consumer credit and payments — areas of critical importance to so many facets of the Fed's work.

Over time, the consumer credit and payments landscape has changed a great deal, with technological advances driving new forms of payment and reshaping entire industries.

¹ Robert Hunt, SVP and associate director, Consumer Finance Institute, Federal Reserve Bank of Philadelphia.

The Consumer Finance Institute has evolved to remain at the forefront of these changes, work that has required more data-intensive strategies, new skills, and increasingly greater computing resources.

In that evolution, the breadth of the Consumer Finance Institute expanded from a focus on credit, debit, and prepaid cards to encompass virtually all forms of consumer credit and most forms of payments — old and new. What has stayed the same, however, is the Institute's goal of better understanding how people earn, save, and invest and what drives their decisions. Understanding this behavior is vital to understanding the economy as a whole.

It's easy to see why. Consumer spending represents two-thirds of all economic activity. And the decisions individuals and families make about how much to spend, how much to borrow, and how much to save reflect many things — including the resources that they have today, how optimistic they are about the future, and potential frictions in consumer credit markets.

Understanding consumer behavior helps me to better understand the broader economy and is an important input into my thinking about monetary policy. When we achieve our dual mandate goals of stable prices and maximum employment, it's easier for families to plan and invest for the future and to make ends meet in the present. And, certainly, the structure and efficiency of consumer credit markets impact the transmission of monetary policy to the broader economy.

Consumer finance is central to the Federal Reserve System's major responsibilities — not just to monetary policy. How people spend, save, and borrow is naturally influenced by monetary policy. But consumer finance also reflects the stability of our financial and payments systems, the efficacy of bank supervision, the enforcement of consumer protection laws, and the Fed's work to promote community development efforts.

As the financial system and the payment system evolve, new products and services become available, and others become less popular. Regardless of whether it's paying for a meal using a debit card, or using buy-now, pay-later to do holiday shopping, or investing in cryptocurrency, the Consumer Finance Institute team is on the frontlines assessing the latest developments. And they're digging in to understand what they might mean for the Fed with respect to our responsibilities for monetary policy, financial stability, bank supervision, consumer compliance, community development, and the payments system. But also — and entwined with these responsibilities — what new developments mean for the well-being of households.

This conference encapsulates what the Institute does best: Bringing together policymakers, regulators, researchers, and practitioners to deepen our knowledge and expand our perspectives.

These conferences, and the ongoing conversations we have with many of you throughout the year, also inform our own evolving research priorities. Ultimately, our goal is to drive a deeper understanding of the financial decisions that families make so we can strengthen the economy and improve people's lives.

There are a few key ingredients to the Consumer Finance Institute's success over the years: collaboration, deep expertise, and innovation. The focus on innovation means that the Institute is now using the latest machine learning and big data techniques.

I'd like to highlight a few examples of the team's recent work. In [a study](#) released last December, Philly Fed researchers assembled a comprehensive data set on the financial characteristics of higher education institutions and used machine learning models to predict the probability of financial distress or closures among these institutions.² Consolidation in higher ed can pose challenges for individual institutions and their communities as well as for students. The authors' work has not only helped to answer important questions but also demonstrates the value of applying newer machine learning tools as a complement to more traditional forecasting techniques.

I'd also like to note the [Labor, Income, Finances, and Expectations \(LIFE\) Survey](#). The LIFE Survey grew out of the consumer pulse survey that our team stood up at the outset of the COVID-19 pandemic in an effort to stay on top of rapidly changing consumer conditions during a very challenging time. The LIFE Survey has proven itself to be a rigorous and nimble tool that provides a reliable gauge of consumers' economic and financial experiences as well as their outlook for the future.

The LIFE Survey has been a tremendous source of new consumer intel for both researchers at the Philly Fed and beyond. Researchers at the Philly Fed, for example, have used the data to explore a range of topics, including the rapidly evolving student loan market; the emergence of buy-now, pay-later programs; trends in home and auto insurance markets; the evolution of sources of financial advice, and consumer attitudes related to crypto.

Just this week, our researchers published [a study](#) using LIFE Survey data that examines the divergence in spending growth between low- and high-income consumers.³

These are just a few examples of our Consumer Finance Institute's work.

² Robert Kelchen, Dubravka Ritter, and Douglas Webber, "Predicting College Closures and Financial Distress," Federal Reserve Bank of Philadelphia, December 1, 2024, <https://www.philadelphiafed.org/consumer-finance/education-finance/predicting-college-closures-and-financial-distress>.

³ Tom Akana, "Evidence of Diverging Spending Behavior by Income," Federal Reserve Bank of Philadelphia, November 2025, <https://www.philadelphiafed.org/consumer-finance/evidence-of-diverging-spending-behavior-by-income>.

I would also like to recognize the conference organizing committee as well as give a shout-out to all the authors of the fantastic papers that are being featured at the conference. There were nearly a hundred very excellent submissions and 11 were selected to be included in the conference.

The Consumer Finance Institute's enduring influence after 25 years underscores the dedication of all of you as well as the ongoing significance of this work.

I'd like to thank Roc Armenter, Bob Hunt, and Julia Cheney for their leadership and also extend my heartfelt thanks to all of you for attending this conference.

The Consumer Finance Institute would not be what it is today without our dedicated staff and decades of collaboration with our academic and industry partners. We are so grateful to have your support, whether you are joining us for the first time or have been attending for years.

While I can't predict the topics that will be discussed at this conference 25 years from now, I am confident that our collective efforts will continue to spark innovation and drive important policy conversations that will help to make our economy and financial system stronger.

Thank you once again for joining us today and tomorrow, and I hope you enjoy the rest of the conference. I'll pass the mic back to Neil now for some quick logistics.