

Community Banker Concerns Shift to Funding

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Funding and cybersecurity top the concerns for community banks, according to the sixth annual community bank survey conducted by the Conference of State Bank Supervisors (CSBS). It is a marked shift from previous years, when regulatory compliance costs were found to be the chief issue for community banks.

This year's survey showed 36% of banks said funding costs were the most likely factor to influence future profitability, up from 11% in 2016. More than 70% of respondents ranked cybersecurity as their most important risk. Only four percent of surveyed banks said that regulation was most likely to influence profitability, compared to the 60% of respondents who named it as a top concern two years prior.

In its sixth annual survey, CSBS canvassed 571 community banks in 37 states. Other key findings from the 2019 survey include:

- Compliance-related costs increased 4% in 2018, in contrast to the 13% drop reported the prior year; however, with a total of \$4.9 billion, those costs are much lower than the peak of \$5.4 billion set in 2016.
- Nearly 30% of bankers considered depopulation an important limitation to retaining core deposits.
- While last year's survey showed community banks were embracing technology, the actual number of those offering digital and online services remains largely unchanged due to cost.

An additional section called "Five Questions for Five Bankers" accompanied the survey, providing context for the national survey results at the state level during the same three-month period. State bank commissioners asked five questions to five community bankers in 30 states.

The questions addressed the effectiveness of the Economic Growth, Regulatory Relief and Consumer Protection Act, S. 2155 and the community bank business model, funding and liquidity concerns, technology and cybersecurity.

To access the survey report, click [here](#).