What Keeps Your Local Community Banker Up at Night?

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Community bankers know their customers and their local economic markets. Indeed, “know your customer” is likely the main tenet for becoming a successful community banker. They watch, listen and learn by talking to, and getting to know, everyone in the community. By asking good questions and forging solid relationships, community bankers understand how businesses and consumers interact, where value is created, and the extent and magnitude of risks. So, with the world completing nearly a year of great uncertainty and economic turmoil amidst the COVID-19 pandemic and subsequent lockdowns, what are community bankers’ main concerns today? What is keeping your local community banker up at night?

To answer that, we asked community bankers how concerned they are about 11 critical areas in the most recent survey used to calculate the CSBS Community Bank Sentiment Index (CBSI). And while we found that community bankers have concerns about virtually everything on the list, the final ranking of nearly 300 responses from the fourth quarter 2020 survey seem to indicate that the greatest concerns generally lie outside their control and sphere of influence.

Topping the list of concerns is the federal debt/deficit, cyberattacks, taxes, and COVID-19/economic lockdowns, as shown in the chart below.
Using a 4-point Likert scale with 1 as “not at all” concerned and 4 as “extremely” concerned, the weighted-average calculations show that these four responses are all rated 3.0 or higher, indicating a much higher percentage of “moderately concerned” and “extremely concerned” responses. Indeed, 43% of community bankers are “extremely concerned” about the federal debt/deficit and 40% are “extremely concerned” about taxes. When combining the “moderately concerned” and “extremely concerned” responses, nearly 82% of community bankers rate cyberattacks as the top concern.

On the other end of the spectrum, community bankers are least concerned with the quality of their loan portfolios and personal/business bankruptcies. Only 2% of community bankers are “extremely concerned” about the quality of their loan portfolio, and just 5% are “extremely concerned” about personal/business bankruptcies. Perhaps it is encouraging that, with all their local knowledge, community bankers feel less concerned about these issues, although it may be too early to tell what problems might be on the horizon.