Q1 2021 - Community Bankers Confidence in Economy Spikes as Regulatory Burden Concerns Rise

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Washington, D.C. – Community bankers' assessment about future economic and financial conditions markedly improved in early 2021 but concerns about future regulatory burden worsened, according to the most recent **Community Bank Sentiment Index (CBSI)**.

The Conference of State Bank Supervisors released the first quarter 2021 CBSI results today, collecting data from 200 community banks across the nation during the month of March. The results showed a sentiment index of 115 points, up significantly from 98 in the fourth quarter of 2020 and the low 90s in the first half of 2020. Prior to the pandemic, the sentiment index hovered in the low 120s.

"The overall positive and rising sentiment is encouraging, but the community bankers' great concern that bank regulation will be more heavy-handed in the future should be noted," said CSBS Senior Economist Tom Siems, PhD. "These community banks serve their local communities and are crucial to sustaining economic growth and helping businesses and consumers recover from the 2020 pandemic-induced recession."

The CBSI captures on a quarterly basis what community bankers nationwide think about the future. Participant answers are analyzed and compiled into a single number; an index reading of 100 indicates a neutral sentiment. Anything above 100 indicates a positive sentiment, and anything below 100 indicates a negative sentiment.

Key findings from the first quarter 2021 results include:

- At 115, the CBSI is about 7 points below 2019 levels; however, the index is 17 points higher than last quarter and 24 points higher than a year ago.
- Six of the seven components in the CBSI increased from the previous survey by an average of 22.5 points each.
- Bankers' outlook on future profitability increased the most, rising to 105 from 62 in the fourth quarter.
- The regulatory burden component dropped another 19 points to an historic low of 21.

For more on the CBSI, visit **https://www.csbs.org/cbindex**.

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The Conference of State Bank Supervisors (CSBS) is the national organization of bank regulators from all 50 states, American Samoa, District of Columbia, Guam, Puerto Rico and U.S. Virgin Islands. State regulators supervise 79% of all U.S. banks and are the primary supervisor of non-depository financial services. CSBS, on behalf of state regulators, also operates the Nationwide Multistate Licensing System to license and register non-depository financial service providers in the mortgage, money services businesses, consumer finance and debt industries.

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