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Washington D.C. – Business conditions have surpassed funding as the area of greatest concern for community bankers as they navigate the impact of the coronavirus pandemic, according to the Conference of State Bank Supervisors' (CSBS) seventh annual national survey.

Last year, funding scarcity was the top concern, and only 6% of respondents listed business conditions as a challenge. However, this year, business conditions leapt to the top, with 34% of banks reporting it was their greatest challenge. Only 9% of respondents listed funding as their top concern, down from 23% a year prior.

Relationship lending continued to be a strength of community banks as their communities adjusted to the pandemic's economic fallout. Community bankers reported increasing their loans to small businesses by 40% for the year ended in June.

Other key findings from the 2020 survey include:

- More than 40% of respondents said supervisory expectations for due diligence of third-party providers were an impediment to establishing new third-party relationships.
- Sixty-three percent of respondents said the regulatory burden from the Bank Secrecy Act is a major concern.
- 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.

The survey is being released today at the start of the Community Banking in the 21st Century Research and Policy Conference, sponsored by the CSBS, Federal Reserve Board of Governors and the Federal Deposit Insurance Corporation.

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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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