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Washington, D.C. – Community bankers nationwide remain broadly optimistic about future economic conditions at the year's midpoint, according to the Conference of State Bank Supervisors' (CSBS) latest quarterly poll. The second quarter 2026 Community Bank Sentiment Index (CBSI) registered 129, down slightly from 131 in the previous quarter and four points below the record high of 133 reached in late 2025.

Despite the modest decline, the index remains firmly in positive territory. The profitability indicator notably returned to its peak level and continued to signal higher future profitability. However, the results showed a continued decline in the monetary policy and regulatory burden indicators.

"The results suggest that regulatory conditions might not be easing as much as last quarter's survey indicated, and bankers have a slightly pessimistic outlook regarding the future impact of monetary policies. Their primary concerns center on the potential negative macroeconomic outcomes that might arise from geopolitical uncertainties due to the ongoing war in Iran," said CSBS Chief Economist Tom Siems. "Even so they remain optimistic that for the foreseeable future, their loan portfolios in their local economies will lead to higher profitability."

The CBSI surveys community bankers nationwide in the final month of each quarter to gauge their views on future economic conditions across seven areas. A reading of 100 indicates a neutral sentiment. Anything above 100 indicates a positive sentiment, and anything below 100 indicates a negative sentiment.

For the fourth consecutive survey, community bankers identified cyberattacks, bank fraud, competition, labor cost and availability, and the federal debt/deficit, as their top concerns.

In open-ended comments, community bankers cited concerns about deposit competition, regulations that disproportionately impact smaller banks and businesses, monetary policy uncertainty, and federal government deficit spending.

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The Conference of State Bank Supervisors (CSBS) is the national organization of financial 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 a variety 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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