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Community Banking Research Conference

Federal Reserve Bank of St. Louis

Oct. 6, 2026

Thank you, Jim.

Welcome to the fourteenth annual Community Banking Research Conference. As chair of the CSBS Board of Directors, I also want to thank our co-sponsors, the Federal Reserve System, the FDIC, and our host, the Federal Reserve Bank of St. Louis.

I am especially pleased to be here today. This is one of my favorite events, and I know it is for many of you. That is because we all understand how important community banks are to their customers and local economies.

Community banking is at the core of CSBS. It is at the heart of why we were founded. Next year, we will recognize the 125th anniversary of CSBS, and I invite all the bankers here to Detroit for a special Banker Summit as we celebrate in May.

For those who may not know, this conference- the Community Banking Research Conference, grew out of recognition following the 2008 financial crisis: Policymakers lacked concrete information about the economic impact of community banks in their local communities.

For 14 years, the Community Banking Research Conference has helped document the value of community banking and examine its successes and challenges. That research informs policy and helps strengthen the dual banking system. It proved especially valuable during the pandemic, informing around the Paycheck Protection Program for small businesses.

This conference is the intersection of supervision and policy, research and the stories and impact of community banks.

Mississippi: The impact of community banks

As a state bank supervisor for over 25 years, I see both the value and commitment of my community banks every day.

Mississippi has 52 state-chartered banks. Ninety percent of those banks are community banks. They have a presence in each of the 82 counties spanning the state and are a financial pillar for many of our citizens and communities.

Their stories illustrate what community banks do every day. They help small businesses get started and grow, serving as both lenders and advisers. And those relationships continue as businesses expand and their needs evolve.

Forty years ago, a community bank in north Mississippi helped a barbecue business get its footing by financing the property, building, and equipment it needed. Today, Westside BBQ and Cakes has been featured in Southern Living magazine and ships cakes and pies across the country. The bank still works with the owner's grandson, ready to help with whatever comes next.

That same community bank provided a loan to a promising local student accepted into Yale University's graduate architecture program. Today, that student is an award-winning architect.

Would that have happened without those loans?

Community banks often see potential in their customers that larger institutions may overlook.

Several years ago, Clayton Legear spoke at this conference about how a life-changing loan from a community bank when he was a teenager influenced his life and leadership as Chairman and CEO at Merchants & Marine Bank, now TownBridge Bank, in Pascagoula.

Another community bank in south Mississippi made a life-changing impact on a borrower who was living in substandard conditions and frequently used her car for shelter. With limited banking experience, minimal internet access, and demanding shifts at a plywood factory, she found the lending process daunting. This community bank’s lending team provided detailed, step-by-step guidance during her short breaks, offering her the clarity and confidence needed to navigate the process to owning a home. The borrower’s relationship with this community bank did not end with her housing loan. She continues to receive regular check-ins with bank staff.

These banks are not just lending to their customers. They are investing in their communities and the people that make up their communities.

I see that impact when I drive through Mississippi.

In Union County, I see people of all ages flocking to the Sportsplex, which a local community bank helped build. This local investment provided the community with a facility to serve thousands of children and adults in various activities such as baseball, softball, soccer, and tennis.

And about a decade ago, a community bank partnered with Copiah County and a local physician to replace an aging clinic and invest in rural health care.

That financing helped establish a modern clinic, pharmacy, and physical therapy facility. The investment brought more physicians to the area and gave residents access to services they otherwise would have had to leave the county to find. It also helped strengthen the rural hospital's ability to continue serving the community.

This is the quiet work community banks do.

They know the doctor, the hospital board, and the town. They can put capital behind a project that a large, out-of-market lender might never underwrite. The payoff is not just a loan that performs. It is a clinic that stays open, jobs that stay local, and a rural hospital that can keep its doors open.

When there is a disaster – they pitch in. I have countless stories about how community banks helped along the Mississippi Gulf Coast after Hurricane Katrina.

These are just a few examples from Mississippi. Similar narratives can be found in every state across the nation.

Every bank has a story. But the story of community banks is the same. Their impact has likely changed someone's trajectory or transformed a community.

The challenges facing community banks

Up to this point, I have shared the purpose and benefits of this conference, and I've shared the work and impact of community banks. Now I want to address a harsh reality. The number of community banks is shrinking. Since we last met in this auditorium, the United States has lost 160 community banks.

Many banks have learned how to navigate emerging issues, reoccurring trends, and the natural evolution of banking, but challenges related to innovation, competition, and regulatory burden contribute to the pressures they face.

This is where research from this conference and our actions as stakeholders following this conference have value.

Innovation in financial services is essential to continued viability. But as new entrants, including digital asset firms and stablecoin issuers, enter the market, we need to consider what that means for community banks.

Will community banks lose deposits? Will they have clear guidance on developing their own tokenized deposits?

What about innovations for the banks themselves, like integrating new technologies and tools like artificial intelligence? We must ensure that innovation creates opportunities rather than barriers for community banks.

Competition can be healthy for financial institutions. But when there is an unlevel playing field, community banks are disadvantaged. How do we ensure that policy supports fair competition across different types of financial service platforms – bank and nonbank?

Regulatory burden has been a perpetual concern for a majority of my career. State supervisors have called for tailored regulation for community banks for decades, and we welcome recent efforts by federal regulators to move in that direction.

At the same time, we must strike the right balance between reducing unnecessary regulatory burdens and maintaining appropriate safeguards to ensure strong, financially sound institutions.

Bank policy should be grounded in concrete data, evidence, and the needs of the institutions and communities it serves.

Policy should not swing from one administration to the next. The instability in bank policy creates supervisory uncertainty and may contribute to, rather than reduce, regulatory burden.

Community banks are the financial backbone in many communities across America. They are the good stewards. Reinvestment in their communities provides access to capital for small businesses and consumer lending that may not otherwise be possible. The community bank business model has a long-term focus of strength and sustainability of communities across America. This business model must be preserved.

Conclusion: What the research must tell us

That is why we are gathered here today.

We need to share our stories and perspectives, identify what we may be missing, and ask hard questions.

The stories I have shared illustrate the impact community banks can have. But individual stories are only part of the picture. We need research to understand the broader trends, the forces driving change, and the consequences for local economies.

What does the research tell us about the role community banks play in local economies? What are the consequences when those institutions disappear? And what policies can help ensure that community banking remains a viable part of our financial system?

Those are the questions this conference is uniquely positioned to help answer.

The stories show us what is at stake. The research helps us understand why it matters and what we can do about it.

Over the next two days, as you listen to the latest research, I ask you to keep in mind the stories, challenges, and opportunities that community banks face and what we as stakeholders can do to ensure that they have a continued presence across this great country.

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