

New Technologies Bring Threats and Opportunities to Community Banks

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Washington, D.C. – Emerging technologies are having a sizeable impact on community banks, according to the 2026 Conference of State Bank Supervisors' (CSBS) [Annual Survey of Community Banks](#).

Net interest margins and core deposit growth remained the top two external risks, with nearly 60% of community bankers voicing concern about the potential impact of stablecoins on deposits and lending capacity amid a possible uneven regulatory implementation. Cybersecurity ranked as the top internal risk for the ninth consecutive year. Meanwhile, more than half of community bankers said they are actively piloting artificial intelligence programs.

"The landscape for community banks is changing rapidly. Stablecoins are creating new competitive pressures, cybersecurity threats are raising the stakes, and artificial intelligence is opening new possibilities and new risks for how banks operate and serve their customers," said CSBS President and CEO Brandon Milhorn.

Now in its thirteenth year, the survey captures perspectives of community bankers on opportunities and risks facing their banks at a time of significant technological and regulatory change. A total of 330 community bankers from 35 states participated in the survey, which was released today at the [Community Banking Research Conference](#).

Concerns about regulatory burden continued to decline, with 62% of respondents identifying it as an important external risk, down from 75% in 2025 and 89% in 2024. Bankers expressed cautious optimism that recent regulatory relief is having a positive impact, but many questioned how durable that relief will be. A recurring concern was that regulatory policy could shift with changes in administration, creating uncertainty about the longevity of current reforms.

The Community Banking Research Conference is co-sponsored by CSBS, the Federal Reserve Board of Governors, and the FDIC. It is held annually at the Federal Reserve Bank of St. Louis.

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The Conference of State Bank Supervisors (CSBS) is a nationwide organization that supports a network 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.