2027 Community Bank Case Study Competition

How is innovation changing the way community banks develop products and services, protect consumers, and optimize operations?

Community banks play a critical role in the U.S. economy by fueling their local communities. In recent years, innovation has changed the landscape of financial services, surfacing both new challenges and new opportunities. Fraud schemes are more sophisticated and more prevalent. The market for deposits is more complex and more competitive. Novel technology offers stronger productivity alongside steeper costs. For community banks, responding effectively to these and other wide-sweeping changes is a necessity, not an option.

The 2027 CSBS Community Bank Case Study Competition asks teams to select a community bank and learn about how it is responding to innovation across three areas: developing products and services, protecting consumers, and optimizing operations.

For each question below, teams should address the questions most relevant to their case study bank.

Section I: Financial Analysis

Using the Federal Financial Institutions Examinations Council (FFIEC) 041/051 Call Report, Uniform Bank Performance Report (UBPR), and other publicly available data sources, students should evaluate and provide an analysis of the following for their selected case study bank:

- Earnings Performance
- Loan Portfolio Composition
- Asset Growth
- Capital Levels
- Liquidity
- Funding Mix and Cost of Funds (NEW)
- Noninterest Income (NEW)

To facilitate consistency among teams, this financial analysis should be completed on a year-over-year basis covering five years.

Section II: Developing Products and Services

Overview: A bank's business revolves around the money it holds for other people. Deposits fund lending and determine the cost of doing business. Use the questions below to understand where your bank's funding comes from, what it costs, and how leadership is thinking about new forms of digital money.

1. What is a core deposit, and how does your bank define it? What share of the bank's funding is "core," and how has that percentage moved over five years?
2. What is the bank's cost of funds, and how has it changed? Who sets deposit pricing, how often do they meet, and what do they look at?
3. When deposit growth does not keep pace with loan demand, where does the bank turn? Discuss the tradeoffs among other funding sources such as Federal Home Loan Bank advances, brokered deposits, listing services, reciprocal deposits, and the Federal Reserve discount window.

4. What is a brokered deposit, and why has that classification mattered so much to banks? Has your bank's view of brokered or reciprocal deposits changed in recent years?
5. How does your bank measure and monitor liquidity? Does it maintain a contingency funding plan, and when was it last tested?
6. What share of the bank's deposits are uninsured? How does leadership think about deposit concentration, whether by depositor, industry, or another metric?
7. What is a payment stablecoin? What did the GENIUS Act establish, and what impact might it have on the banking system?
8. Has your bank's leadership discussed whether stablecoins could pull deposits out of your market? What would have to be true for that to happen, and what would the bank do about it?
9. What is a tokenized deposit, and how is it different from a stablecoin? Does deposit insurance depend on the technology a bank uses to record its deposit liabilities?
10. Does your bank participate in instant payments through FedNow or the RTP network? What drove the decision to join or to wait, and how does faster payments impact a bank's liquidity management?
11. How does your bank generate noninterest income, and how has that changed?
12. If your bank's CEO had the chance to chat with policymakers to talk about deposit competition, or deposits more broadly, what would they say?

Section III: Protecting Consumers

Overview: Community bankers consistently rank fraud among the most serious risks they face. Use the questions below to understand what your bank is seeing, how it defends against fraud, and who bears responsibility when its defenses fail.

1. What is the difference between fraud and a scam? Why does that distinction matter for determining who bears the loss?
2. What kinds of fraud does your bank see most often? How have fraud losses trended over the past three years, and how do they compare to the bank's loan losses over the same period?
3. Who owns fraud at your bank? Is there a dedicated team, committee, or function? How many people work on it?
4. How does your bank detect fraud today? Do you rely on vendor tools and/or your core provider?
5. What is check fraud, and why has it persisted in the digital era? How does Regulation CC determine liability and funds availability between the depositing bank and the paying bank, and what does your bank think of this design?
6. What is an authorized push payment scam? When a customer authorizes a payment under false pretenses, who bears the loss under current rules? Should that change, and what would happen to your bank if it did?
7. How does your bank protect older customers from financial exploitation? Are tellers trained to recognize it, and what can they do when they suspect it?
8. How do Bank Secrecy Act and anti-money laundering obligations relate to fraud prevention? What is a Suspicious Activity Report and when must one be filed?
9. What information can your bank share with other banks about suspected fraud, and what stops it from sharing more?
10. Have criminals used AI-generated documents, voices, or images against your bank or its customers? How has that changed the way the bank verifies identity and authorization?

11. What does your bank do to educate its customers, and how does it know whether that works?
12. What is operational risk, and how do fraud losses factor into it?
13. Ask your bankers to describe a specific fraud attempt the bank stopped. What caught it, and what would have happened if it had not?

Section IV: Optimizing Operations

Overview: Most community banks do not build technology; they buy it. Use the questions below to understand what technology your bank uses and how this technology fits into the business overall.

1. What is a core service provider, and what does yours do for the bank? How long is the contract, when does it renew, and how does the bank evaluate whether to stay?
2. What does the bank spend on technology, and how has that changed over five years? Where does that appear on your income statement?
3. Is your bank using artificial intelligence today? Where? Did the bank build it, buy it, or receive it as a feature inside a product it already had?
4. What is third-party risk management? How does your bank perform due diligence on a vendor?
5. What is a model, and what is model risk management? Does the bank validate models it did not build, and how?
6. If an automated tool influences a credit decision, who at the bank is accountable for that decision? How would the bank explain a denial to the customer, and to an examiner?
7. Does the bank anticipate ever having automated underwriting?
8. What is disparate impact, and how would a bank detect it in its own portfolio?
9. How does your bank decide whether a specific technology is worth adopting? Has it declined something its peers adopted, and why?
10. What is concentration risk in technology? What happens to the banking system if a widely used provider fails or goes offline?
11. What is your bank's approach to cybersecurity? How does it test its defenses, and does it carry cyber insurance?
12. Are there functions bank leadership believes should never be automated? Why?
13. How does the bank find and keep people who can run this technology, where talent can be expensive?

Bonus: Supervision and the Dual Banking System

Overview: The U.S. banking industry operates under a one-of-a-kind supervisory framework – the dual banking system. Use the questions below to understand who supervises your bank, what an examination involves, and how regulation shapes an institution's operations.

1. Who regulates your bank, and why? What is the difference between a state charter and a national charter?
2. What is a safety and soundness examination? How often does your bank receive one, how long does it last, and who at the bank participates?
3. What is regulatory tailoring, and why do thresholds matter? Congress recently raised the asset threshold for the extended 18-month examination cycle from $3 billion to $6 billion. Does your bank qualify, and what difference does the cycle make?

4. What is the Uniform Financial Institutions Rating System, commonly called CAMELS? What does each component measure, and how does a composite rating affect what a bank can do?
5. Which regulatory compliance obligations consume the most staff time at your bank? How many full-time staff does the bank devote to compliance, and how has that changed over five years
6. What is the bank board's role? How often does it meet, and what information does it see?